The section of

FED



Painful recover Turkey pulls back from the brink



Secret campaigns

The race to succeed Jacques Delors



1994 World Cup

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FINANCIAL TIMES



mediate in talks on **Bosnian** ceasefire

General Sir Michael Rose, UN military commander in Bosnia, agreed to a Bosnian Serb request to arrange talks with their Moslem enemies on an overall ceasefire in the region. He said the Serbs had pledged to stop shelling the embattled Moslem enclave of Gorazde, to which he cancelled a visit yesterday. At least 64 people have been killed and 300 wounded in a week-old upsurge of fighting ground the enclave Page 14

Liberal judge to retire from Supreme Court



Justice Harry Blackmun Court's leading liberal, announced his retirement at the end of the court's summer term. President Bill Clinton, who will nominate his successor. is thought likely to pick someone close to Justice Blackmun's

nmediate change in the political balance of the Court. The prospect of rightwing domination of the bench, which seemed likely during the Reagan and Bush presidencies, has receded.

Drescher Bank, Germany's second-biggest private sector bank, is expected to raise capital through a private placing of American Depositary Receipts in the US. Page 15

China alarmed by unrest: China sounded the alarm over rising unemployment, growing industrial unrest and the deteriorating health of state industry, which is under pressure in the transition to a market economy. Page 14

Eurotimed ban: A row involving Eurotunnel, its financial advisers and Swiss Bank Corporation took a surprise turn with a ban on a senior SBC executive taking part in Eurotunnel's proposed 2600m-2760m rights issue. Page 15; Lex., Page 14

Judge filts at AT&T/McCaw deal: A US Federal judge has raised objections to American Telephone & Telegraph's planned \$12.6m takeover of McCaw Cellular Communications, though be left open the door to eventual approval of the deal. Page 18

Alcatel Alsthom forecasts profits falls Pierre Suard, chairman of French energy telecom-munications and transport group Alcatel Alsthom, confirmed his forecast of a fall of between 10 and 20 per cent in net groffer this year, but said - ... he was very optimistic for the medium and long

Colonial Mutual Life shead by 280%: Australian financial services group Colonial Mutual Life Assurance reported a 260 per cent jump in net earnings to A\$701.3m (US\$501m), helped by last year's buil share market: Page 19

Chine jails Hong Kong Journalist: China was criticised by its own supporters in Hong Kong after it jailed a journalist working in Beijing for the colony's Ming Pac daily for "stealing and spying on state secrets". Page 5

indians protest at Gatt accord: Thousands of protesters rallied in New Delhi to oppose the Uruguay Round agreement on world trade liberalisation. Speakers condemned it as an instrument of oppression foisted on the developing world.

Hungary power way for power sell-off: Hungary's parliament broke the country's national monopoly on electricity generation, creating the conditions for eastern Europe's first wholesale power privatisation. Page 2

Bernard Matthews, UK turkey products group, moved into red meat production with the purchase of state-owned New Zealand lamb business Advanced Foods. Page 23

Astra in Japanese deal: Swedish drugs group Astra has lifted its stake in Japanese partner Fujisawa to 90 per cent in a SKr1.8bn (\$225m)

deal. Page 15 Corus, French holding company controlled by Italian industrialist Carlo de Benedetti, achieved a sharp reduction in net losses last year to FFr251m (\$43.05m) from FFr1.55hn in 1992.

England pulls out of soccer match: England pulled out of a friendly football match with world champions Germany, due to be played in Berlin on April 20, the anniversary of Hitler's birth, because of fears of neo-fascist violence.

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UN commander to | Revenge attack by Islamic extremist group fails to derail peace talks with PLO

Eight die as suicide car bomber hits Israeli bus

By Julian Ozanne in Afula

A suicide car bomber blew up a bus in Israel yesterday killing eight people and wounding about 45. The attack was an attempt by the extremist Islamic Hamas movement to take revenge for the Hebron massacre in February and destroy the Israeli-Palestinian peace process.

Witnesses said children fled the blast "burning like torches" when the 385lb bomb exploded at midday at a central bus stop in the relatively peaceful northern town of Afula.

The attack, one of the bloodiest yet seen inside Israel itself, prompted the government to seal off the occupied territories pre-venting Palestinian cars crossing into the Jewish state.

However, Mr Yossi Sarid, environment minister, said Israeli-Palestinian peace talks under way in Cairo would continue. Otherwise "we are placing our-selves in the hands of these suicide bombers - and that is their

The bombing by Hamas, which had vowed to avenge the lives of 29 Palestinians massacred by a Jewish settler in Hebron, will fuel growing Israeli rightwing opposition to the peace process.

As promised in a previous leaf-

let, Hamas struck 40 days after the February 25 Hebron massacre - the mourning period which, in Islam, must be observed before revenge can be taken. The Islamic movement warned Israel suicide operations would

Shlomi Dahn, an 18-year-old schoolboy who ran to the scene immediately after the blast, said screaming people whose clothes were on fire were trying to escape from the bus. "It was like a battlefield," he

said. "Bodies and parts of bodies were everywhere and there was blood, noise, smoke - everything like war." Mr David Harbi, keeper of a

music store who also rushed to the scene, had burns on the paims of his hands where he had tried to douse flames on the vic-



Police and soldiers check the tangled remains of a car destroyed yesterday in an apparent snicide attack in Afgla, northern Israel

ulance workers arrived.

"It was like the worst nightmare of the Jews - the feeling that if the Arabs have the chance they will drive us into the sea or kill us all."

In the aftermath Arabs in the town were randomly beaten. Is aeli teenagers gathered at the

ment of Mr Yitzhak Rabin. Mr Harbi said: "The absurd thing was that in one of the school bags I saw Arabic lan-

guage books. The child was try-

ing to learn Arabic to prepare for Mark Nicholson adds from

been leading the Palestinian delegation in the talks with Israel on self-rule for Gaza-Jericho, said such incidents were "one of the reasons we are pushing for the signing of this agreement - to stop the killing on both sides."

Mr Shaath said the attack emphasised the need to complete

from Gaza and Jeriche Talks will not now resume until Sunday. The Palestinians still insist agreement on an Israeli withdrawal should be concluded by the original deadline of

Editorial Comment, Page 13

Japanese PM quips 'I quit' but the joke is on him

Mr Moribiro Hosokawa, Japan's embattled prime minister, has discovered that telling jokes to comedians can backfire.

He was obliged yesterday to deny that he wanted to resign after two comedians, also indeaner two consensations, also inde-pendent members of the upper house of parliament, said Mr Hosokawa had quipped, during dinner, that he was so exhausted he wanted to stand down.

Tokyo on Tuesday evening. Mr Yasushi Shimomura

stage name Columbia Top expressed surprise that anybody took Mr Hosokawa's outburst

Mr Kiyoshi Nishikawa, who performs under his own name inside and outside parliament, said he also took the prime minister's resignation remark as a

Under increasing pressure in The professional comics his post, Mr Hosokawa was said divulged their revelation in a to have told companious that he television interview after dining felt frustrated at not having the

Yen for an upwardly mobile dinosaur

freedom to admire the glorious cherry blossoms which have bloomed across Tokyo in the past few days.

Mr Shimomura said he knew Mr Hosokawa was really tired when the prime minister asked if he could finish up the comedian's eels and rice - a dish said to have restorative qualities.

Their remarks whipped up an instant storm. A startled Mr Hosokawa called the latest in a series of midnight press conferences which have become a hallmark of his chaotic government. "I never said anything about

quitting," he said.

Mr Hosokawa's slip is the latest blow to his already weakened credibility. It has aroused suspicious that his patience is indeed being

allies will now start to seek a It was only a matter of time before Mr Hosokawa does resign, drew attacks from Mr Hoso-

worn down and that coalition

neral of the opposition Liberal Democratic party. "I think he really did say he wants to quit, because it is about time for him to go," Mr Mori said. Mr Hosokawa is already strug-

gling to disprove LDP allega-

tions of financial irregularities. He has been forced into embarrassing U-turns over the past two months on plans for a rise in consumption tax, a cabinet reshuffle and a merger of the seven parties in his coalition. This latest misunderstanding until he produces documents or a former aide to testify on an allegedly irregular loan from a disgraced parcel delivery firm. The budget blockage has caused growing alarm among

The LDP is blocking parliamen

tary debate on the annual budget

Mr Takeshi Nagano, chairman of the Nikkeiren employers' federation, yesterday called on the government to give the budget bill top priority and discuss scandal in a panel outside the

N Korea a nuclear warning

By John Burton in Secul

A North Korean official warned yesterday that if his country was to develop nuclear weapons, they would be primarily aimed at Japan, rather than at South Korea or the US.

The warning, one of the most explicit made by North Korea about the intent of its possible nuclear weapons programme, is likely to heighten concern in Tokyo that Pyongyang poses a

serious military challenge. However, North Korean officials claim they suspect Japan's nuclear motives, and the statement yesterday came a day after the start-up of Japan's first fastbreeder nuclear reactor, which began a self-sustaining chain

Mr Cha Bong-ju, the North Korean ambassador to India, again said his country did not intend to develop nuclear weapons, but told the South Korean news agency Yonhap the North feared that Japan would eventually become a nuclear power.

"Our nuclear arms, if developed, would be primarily designed to contain Japan," Mr Cha said. He added that a North

Continued on Page 14

Swedes pull out of gives Japan French packager deal

By Christopher Brown-Humes in Stockholm

Sweden's second-largest forestry and packaging group, SCA, yesterday tore up a FFr2bn (\$340m) plan to buy 89.8 per cent of Otor Holding, one of France's biggest packaging companies.

SCA also scrapped plans for a SKribn (\$127m) share issue to foreign investors which would have provided some of the funds for the purchase.

The company said: "SCA and the principal shareholders of Otor have not been able to agree on final terms for the acquisition of Otor by SCA." It declined to The Swedish group appears to

have become disenchanted with the deal after Stora, its leading domestic rival, claimed to have first refusal rights over the stake being sold. Stora is the minority shareholder in Otor with a 10.2 per cent holding. SCA said that Otor's main own-

ers, Mr Jean-Yves Bacques and family, had presented documents showing that the pre-emption rights did not exist. However, Stora was sticking by its position yesterday.

SCA stressed it was not blaming Stora for the collapse of the deal, noting that the companies had had a "constructive dialogue". Stora insisted it had not planned to exercise its first refusal option and said it had

CONTENTS

Int. Companies .

stake to its rival.

SCA announced the preliminary agreement to buy Otor less than three weeks ago. It would have been the largest European acquisition by a Swedish forestry group for three years.

The move would have increased its share in the European packaging market in prod-ucts like corrugated board to 11 per cent from 9 per cent, assist ing the group in its wider ambition of building a 15 per cent market position. SCA would have boosted its packaging market share in France from 4.5 per cent to nearly 17 per cent, ranking it

The group maintains that its expansion strategy will continue However, analysts interpreted the announcement as a setback for SCA.

"This means that they will not be nearly as strong as they had hoped to be in the French market." said Mr Denis Christie, paper and packaging analyst with James Capel in London.

SCA would have paid FFr1.77bn initially, and up to FFr255m more under a profits-related formula. Mr Bacques and family would have subscribed to SKr300m of the share issue, with the balance placed with international investors.

SCA's B shares yesterday closed SKr4 higher at SKr134 on the Stockholm exchange.

"Id like a couple of raincoats pressed in an hour.



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Recent Issues ..

EUROPEAN NEWS DIGEST

Yeltsin seeks

political peace

Greek bill seeks to boost tax revenue

By Kertn Hope in Athens

Greece's socialist government yesterday unveiled a fiscal package designed in part to counter what it believes to be rampant tax evasion.

The bill, due to go before parliament this week, raises the top income tax rate from 40 to 45 per cent, places an additional 15 per cent tax on dividends from mutual fimes and investment companies, and sets criteria for taxing self-employed professionals like architects, doctors and lawyers, groups who are considered to grossly underestimate their

income in order to avoid tax. The new dividends tax comes equity income which is with-

Hungary

paves way

industry and creating the con-

first wholesale power privatisation. The law breaks the national

monopoly on electricity gener-

ation and distribution held by

the electricity utility, MVM,

allows for independent utili-ties and establishes the basis

for a division along British

lines between power generators and distributors.

Crucially, the legislation, on which the UK merchant bank

Schroders has advised the

Hungarian government, estab-

lishes a legal framework for

setting prices. This gives for-

eign investors the pricing sta-bility they need to bid confi-dently in the privatisation tender due this summer.

The electricity industry as a

whole has a book value of

Ft570bn (£3.76bn), the government claims. Its partial sale

largest single privatisation.

the detailed pricing regulation.

of the electricity sector, which

will flesh out the act passed

vesterday and is due in the

coming weeks. Tariffs may have to nearly double if the

industry is to cover its forecast capital costs, and advisers

hope that price rises can close

tricity sale, the government

has split MVM into eight gen-

European utilities may be per-

mitted to acquire majority

stakes in six regional distribu-

to allow complete foreign own-

ership in four generating com-

panies which rely largely on

coal-fired power plants and

retain a stake of 25 per cent in

three larger conventional

power complexes and to keep

full control of the Paks

Hungary has taken a liberal

approach to foreign invest-

ment in the utilities because of

the pressing need to develop infrastructure neglected under

communist rule. The industry

ministry estimates that the

electricity sector most invest Ft220bn-Ft250bn by the year

2000 to replace outmoded

capacity with more efficient,

International .

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cleaner stations.

nuclear power station.

The state plans, however, to

require mo

The authorities also intend

sell-off

By Nicholas Denton in Budapest

Brussels threat on Macedonia embargo

The European Commission yesterday gave Greece an ultimatum to lift its trade embargo against the former Yugoslav republic of Mac-edonia within seven days or face legal action in the European Court of Justice, writes Lionel Barber in Brussels. The decision in principle to go to the court was combined with a piez to Greece and Macedonia to resume efforts to

resolve the dispute over Macedonia's constituresolve the dispute over maceuoma's constitu-tion and flag. Athens claims that both amount to territorial claims on the northern Greek province of Macedonia. The Commission said that the trade embargo breaches Greece's obligations under the Treaty of Rome, particularly in the area of a common commercial policy, internal market and customs union.

their holdings on their income tax forms," said one fund manheld at source. Greeks are nevertheless required to declare all their equity holdings, ager yesterday.

Mutual funds are currently together with other non-taxable assets, which are considered indicators of wealth for the fastest growing sector of Greece's financial market with future tax assessment.
"Probably fewer than 10 per about 80 companies, mostly private Greek banks and insur-ance concerns, controlling

cent of investors put down

more than Dr1,300hn (£3.55bn). The new fiscal measure is ted to put a temporary brake on that growth and drive liquidity into tax-free government securities.

The socialist administration faces problems in financing the public sector deficit, with a

ected this year - the increase in tax revenues for the first two months of this year was less than half the budget pro-jection. The government bor-rowing requirement is forecast to exceed 15 per cent of gross domestic product against a tar-

get of 12.9 per cent. Other measures included in the new bill are a requirement for taxpayers to disclose the source of funds used to buy property, an important repository for income from the black economy, now estimated to be worth close to 40 per cent of gross domestic product.

Personal income tax receipts in Greece amount to only about 4.5 per cent of GDP, the lowest percentage in the Euroincome declared by self-employed businessmen and pro-fessionals is only half that declared by wage earners. Mr Alexandros Papadopou-

los, finance minister, made a point when introducing the new measures yesterday of stressing that they were not intended to damp growth in the financial sector. He noted that the bill did not require disclosures on the source of funds used to buy shares on the Athens stock exchange. To stimulate more flotations of Greek companies, which still tend to be tightly controlled by family owners and managers. the corporate tax rate for raised from 35 to 40 per cent.

effectively two European sum-mits last year. He has won plaudits as the head of a fragile

coalition government strug-

gling to contain linguistic and political rivalries between the

French and Flemish popula-

tion; but his favourite tactic of

promising something for every-body and then doing the unex-

pected could backfire on the

vantage is that his departure from the domestic scene would

risk destabilising the govern-

ment. The same applies to Mr

González who is struggling to keep his Socialist party together. The Spaniard looks a

more likely contender in 1999,

when the EU budget must be

renegotiated and Spain risks

losing out to the east Euro-

and possibly Mr Dehaene. Sir

neans hammering to join.

the European stage.

on what he sees as the basic principles of political life.

The draft proposes that signatories make no proposals to change the constitution; refrain from seeking pre-term elections at the federal level; desist from stirring passions connected with the failed coups of August 1991 and October 1993, the ringleaders of which have all been freed under an amnesty. Mr Yeltsin is proposing that party and regional leaders, union and enterprise heads, ministers and the president himself sign the document.

President Boris Yeltsin sought to avert a breakdown in the fragile calm in Russian politics by asking all parties to sign up to a "civic accord", published yesterday. However, opposition figures have rejected the president's attempt to get agreement on what he sees as the basic principles of political life.

dent himself sign the document.

Mr Gennady Zyuganov, the Communist leader, has already dismissed the draft as unacceptable because of the moratorium on constitutional change.

As the draft was published. Mr Yeitsin again cancelled meetings yesterday and on Tuesday, raising fears of a recurrence of the ill health which has kept him from his office five

weeks already this year. However, his press spokesman maintained that his health was good.

Russia will keep around 30 military bases in former Soviet republics - including one in the Baltic republic of Latvia. John Lloyd, Moscow

Lubbers returns to avert crisis

The Dutch prime minister, Mr Ruud Lubbers, cut short an official visit to Indonesia and returned home last night in an effort to defuse differences between his ruling Christian Democrat (CDA) party and the Labour coalition partners, with a general election only one month away. The coalition today faces a parliamentary debate over its handling of a police corruption scandal.

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The opposition may table a motion of no confidence in the run-up to the May polls. Yesterday, an independent NOVA/ANP opinion poll suggested that support for the CDA had plunged by a third since the 1989 elections to 19.5 per cent, putting it in last place among the four top parties now led by Labour. The main beneficiaries of voter dissatisfaction have been Dee, of analter groups including those of the far-right.

Bundesbank eases lending costs

The Bundesbank yesterday continued its gradual easing of lending costs by shaving a further three basis points off the securities repurchase rate at which it supplies financial markets with short-term funds. The move down to 5.73 per cent was seen as a further signal that reductions in the internationally important 5.25 per cent discount lending rate could still be expected. But analysts were divided on the timing. In the recent past the German central bank has developed a knack for making cuts when markets least expect them. Christopher

Bonn's asylum curbs succeed

The number of foreigners seeking asylum in Germany has fallen dramatically since Bonn imposed tough limits on refu-gees last summer, the Interior Ministry said. A total of 35,822 refugees applied for asylum in the first three months of this year compared with 118,081 in the first quarter last year, down 69.7 per cent. The ministry said 12.181 refugees – most of them from eastern Europe – applied for asylum in March this year, compared with 10.487 in February and 13.154 in January.

Sweden to reduce borrowing

Sweden's borrowing requirement for the 1953-94 budget year is likely to be SKr220bn (£19bn), well below the government's forecast of SKr270bn published in January, Mr Staffan Crona, director general of Sweden's National Debt Office, said yesterday. The National Debt Office also forecasts that the borrowing requirement in 1994-95 will be SKr210bn, down from an estimate of SKr220hn in January. Mr Crona told journalists in London that the lower 1993-94 forecast reflected the impact of Sweden's economic recovery on the budget, likely privatisation receipts, including the planned sale of the state's holdin in Pharmacia, and the end of the financial crisis in Sweden.

Romanians follow IMF's line

Romania's government endorsed a 1994 draft austerity budget based on recommendations made by the International Mone tary Fund. Revenues are set at 9,660bn lei (£4bn) and the deficit at 1.878.8m lei, or 3.5 per cent of gross domestic product. Romania is seeking around \$700m in new IMF credits to prop up its economy. The spending was meant to boost investment, including housing construction, and to encourage exports, the government said. It would also increase the weight of indirect taxes in the structure of revenues. Reuter.

France looking for jobs boost

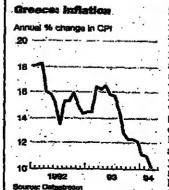
Direct foreign investment in France last year will create or save some 15,500 jobs, Mr Daniel Hoeffel, the French local government minister, said yesterday. European companies, led by the Germans and the Belgians, accounted for 60 per cent of jobs created or sustained by foreign investment, with American companies, long the prime investors in France, dropping to 15 per cent, the same share as Asian companies, A sharp drop in new jobs created by foreign investment from 1992 to 1993 was offset by foreign investors taking over declining companies, and maintaining employment. David Buchan,

French right set for Euro-row

The decision by the UDF, one of parties in France's ruling coalition, to choose a strongly pro-European candidate to lead the government list for this June's European parliament elections has created problems within the coalition. The Gaullist RPR party had favoured a less pro-European candidate. While the RPR is likely to endorse the nomination of Toulouse mayor Dominique Baudis, the choice might drive some Gaullist voters towards a dissident conservative list. David Buchan

ECONOMIC WATCH

Greek inflation falls to 10.2%



orders rose 14.8 per cent in December and January against the same period a year ago, suggesting that recovery in the five eastern Lander is gathering pace. Orders for investment goods

rose 10.1 per cent in the period, while consumer goods orders rose 24.1 per cent. Foreign orders fell 20.8 per cent, mainly because of a drop in Soviet orders. Michael Lindemann, Born. ■ Belgium's budget delicit in the first quarter was BFr274.2bm (£5.3bn), up from BFr327.9bm a year earlier. The deficit narrowed by BFr52bn between the first quarter of 1994 and 1993.

Brussels Cup a three-horse race

Lionel Barber gives a form guide to runners in the contest to succeed Jacques Delors

for power r Leon Brittan turned up in Brussels on Tuesday night for the latest leg of his twin-track mission for 1994: to make the best-seller list and become the next president of the European Commission. Hungary's parliament yesterday voted through an

After suffering in (near) silence during the UK government's hapless performance in the European Union voting rights row, the senior British act regulating the electricity commissioner addressed more than 150 people at W.H. Smith who had gathered for the continental launch of his book "The Europe We Need". Sir Leon's publicity cam-

paign is impressive but mis-leading. The real struggle over the succession to Mr Jacques Delors is taking place in secret, among the EU's 12 heads of government. They will decide who gets the top executive job in Brussels, most likely when they meet at the European summit in Corfu in June.

Mr Ruud Lubbers, the longserving Dutch prime minister, remains favourite. Mr Jean-Luc Dehaene, his Belgian opposite number, is a dark horse making late strides. Mr Felipe González, the Spanish prime minister often rumoured as a candidate, was probably never in the starting-gate.

will be of roughly the same order of magnitude as Hunga-The secretive nature of the selection process is typical of ry's telecommunications privathe way the EU runs much of its business. It is a mixture of patronage, horse-trading, and arm-twisting which offers the European citizen few clues as Last December, Deutsche Telekom of Germany and Ameritech of the US paid \$875m for 30 per cent of national telecoms operator, to the importance of the job. The Commission president is Matay, in eastern Europe's responsible for an annual budget of Ecu70bn (£53bn). He is in But the crucial determinant charge of more than 10,000 international civil servants in of the size of the transaction is

Brussels, regularly attends

international summits, and is



Lubbers: remains the favourite

the public face of the Union, He also heads an institution with a monopoly on proposing Euro-legislation, something which no national or international service can rival. Increasingly, Brussels is acquiring new responsibilities in social policy, the environment, and research, as well as dispensing aid to eastern Europe and the former Soviet

Union. These myriad tasks require someone with high-class administrative and management skills together with a grasp of economics and a presence on the international stage. A Commission president lacking them risks seeing his role as umpire and power-broker in the Union diluted by the 12 (soon likely to be 16) heads of government

choice for the job. He could

For most of the past year, Mr Lubbers seemed the natural Guardian newspaper stated



draw on 12 years' experience as Dutch premier and his small-state credentials. This last asset is important because the presidency usually alternates between large and smaller

A Lubbers victory seemed

even more likely after last

October's special summit in Brussels, where EU leaders agreed a wide-ranging deal on the location of a host of new institutions. It was assumed that Chancellor Helmut Kohl's success in winning the European Monetary Institute for Frankfurt – against the rival Amsterdam – had come at the price of a promise to back Mr Lubbers. When Mr González revealed he was committed to Mr Lubbers two months ago, the contest appeared over.
Then, the dynamics of the race changed. A report in the

that Chancellor Kohl and Pres-



not as keen on Mr Lubbers as was first thought. Memories linger of the Dutch presidency's shaky performance in the run-up to the Maastricht treaty, notably its ill-judged attempt to force the pace on federalism in the autumn of 1991. Another worry is that Mr Lubbers, a prime minister, may turn out to be too hig for his boots. Mr Delors, after all, acquired head of state status during his 10 years in Brussels. Yet Mr Dehaene would

and had urged Mr Dehaene to make himself available. The next day, Mr Dehaene's office declined to confirm or deny that he was a candidate, heightening speculation.
Rumours in Brussels and Bonn persist that Mr Kohl is

undoubtedly be a bit of a gamble. His international exposure is minimal, though he chaired

Turkish package fails

So the race appears to come down to Mr Lubbers, Sir Leon, Leon's biggest weakness is his passport. He must convince

others that he is a European first and British a distant second. His test will come when Mr Lubbers reveals his intentions, probably after the Dutch general elections on May 2. A close associate of Mr Lubbers says he is staying stlent

because he does not want to risk charges that he is putting personal ambition ahead of his duties as premier. That associate adds: "Lubbers wants the job. Kohl and Mitterrand may not go down on their knees to ask him to

take it. They may be irritated that he has not declared his candidacy. But they are well aware that he is running." To which one of Sir Leon's aides says: "The more the mer-

Shares shrug off political the gap in 3-5 years. In preparation for the elecworries in Italy erating companies and six regional distributors. West

Financial markets yesterday generally shrugged off the threat by Forza Italia, the political party formed by media magnate Silvio Berlusconi to force Italy back to the polls if a new government could not be formed. They had earlier been unsettled by bickering within the right wing alliance which won last week's general elec-

Despite the prospect of con-tinued political uncertainty, the main Milan stock market index closed nearly 1 per cent higher yesterday, although the lira lost ground against the US dollar and the D-Mark. It closed in London at L1654.89 against the dollar from L1640, and at L965 from L960.8 against the D-Mark. Analysts said they were surprised equities had not suffered, but predicted that Mr Berlusconi and his allies would eventually form a gov-THE FINANCIAL TIMES
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On Tuesday night, Mr Berlusconi raised the political stakes by suspending talks on

negotiations with his illmatched allies - the federalists of the Northern League and the centralising far-right of the National Alliance - would restart only when President Oscar Luigi Scalfaro had decided who should be prime minister.

The Northern League's leader, Mr Umberto Bossi, has spent most of the last week sniping at Mr Berlusconi, claiming he should not be prime minister. Forza Italia's spokesman hit back yesterday, saying: "If Umberto Bossi betrays the will of the people once again, preventing the for-mation of a government, there will be no alternative except a

return to the polls." Forza Italia officials believe that if Mr Bossi does not fall into line, several of the League's newly elected deputies could defect to Mr Berlusconi's party.

Mr Bossi was expected to

hold talks in Rome yesterday with representatives of the

to put doubts at rest

By Tracy Corrigan in London and John Murrey Brown

Moody's, the US credit rating agency, yesterday reacted to rate ended the day at about 80 Turkey's new austerity package by warning it might lower the country's debt rating further. It currently rates Turkey Bal, considered a sub-investment grade or "junk" rating. "The package is positive," said Mr Guillermo Estebanez, senior analyst at Moody's. "The reason for the review is whether it is sufficient and whether it is implementable. It is not too late, but it is well into the crisis."

The decision by Moody's reflected a general uncertainty in international and Turkish markets yesterday over the ability of Mrs Tansu Ciller, the prime minister, to implement the tough package of economic reforms she outlined on Tues-

While the interbank overnight interest rate, which has been as high as 1,000 per cent in recent weeks, dropped back to 70 per cent yesterday, dealyou will see overnight rates the key to this package is Ms move straight back up to a range of 150 per cent to 170 per cent," said one trader at a large US bank. The overnight

per cent. However, dealers were slightly more optimistic on the outlook for the currency, which ended the day at about TL40,000 to the dollar. At the start of the year it was trading at around TL15,000. The lira was looking overvalued, but at this level it may have overshot the mark," said one currency But investors in Turkey's

\$8.5bn of foreign bonds are more nervous about the country's ability to service its debt. since recent lira depreciation means Turkey's foreign currency debt has more than doubled. Dealers said Turkey would not be able to return to the international market in the foreseeable future.

The austerity package comprises inflationary price rises, including those of petrol and sugar, and longer term struc-tural reforms such as privatisation, much of which has

Ciller's commitment to a three-month fiscal target. "No sensible government is going to commit itself to such a short-term programme if it is not serious. There would just be too much egg on its chin," says Mr Emre Yigit, head of research at Global securities

in Istanbal Nevertheless, the costs will be impressive. The package calls for the closure of several Karabuk fron and steel works, and says that others, such as the coalmines at Zonguldak and the textile conglomerate Sumer Holding, will close if buyers cannot be found.

The privatisation target of \$3.5bn this year seems very ambitious, particularly as economic austerity will hit demand for the output of some companies, such as the Erdemir Iron and Steel works on the Black Sea.

The government will struggle to close mines at Zonguldak. They employ 26,000 in a region with little alternative employment and a long history of union militancy.

Brussels warns audio-visual sector

By Gillian Tett in Brussels and

The European film and television industry is in a state of financial crisis and will decline steadily against its US competitors unless it is radically overhauled, the European Commission has warned. The diagnosis, made in a dis-

cussion paper on the audio-visual industry adopted by the commission yesterday, calls on effective funding and co-operation to operate on a trans-nabasis. The document appears to reflect the divisions which remain among member states over Europe's audio-visual policy in the aftermath of the General Agreement on Tar-iffs and Trade negotiations and the commission's own uncertainty about how far it can endorse protectionism in the European industry.

Instead of proposing a single strategy for investment, the paper poses questions about the future of regulation, financial stimulus, and national convergence in the industry. This rhetorical formula is

intended to "generate debate

among the industry's practitio-

ners and member states", according to Mr Joao de Deus Pinheiro, EU cultural commis-

is likely to disappoint some producers hoping for more urgent and concrete proposals. Commission green papers. however, deliberately avoid being proscriptive and do not contain precise proposals.

Both Mr Pinheiro, and Mr Jacques Delors, the commis-

sion president, are expected to put their political weight behind the document at a press

conference today . Both have

been keen to stress the politi-

cal significance of the report, pitched as a cornerstone of the commission's manifesto for developing Europe's "informa-tion highways".

A group of leading European television and film producers and directors, including Mr

David Puttnam, were among those who submitted much more precise proposals to the They argued for a levy on

every sector of the audio-visual industry to help fund more commercially-orientated production and "soft loans" to help create a number of com-peting European-wide distribu-

ised at up to Eculbn (£780m). Nearly 80 per cent of the films shown in Europe are now of US origin, the paper notes, with US film distributors enjoying a huge advantage over their fragmented and under-funded European counterparts, currently split between 1,000 different

The Commission is due to submit the paper to the European parliament for discussion in the autumn, before drawing up proposals for possible new legislation at the end of the

Hooduras mur Greek consumer price inflation fell to 10.2 per cent year-on-year in March from 11 per cent in February. In Chilean police March the consumer price index rose by 2.9 per cent against February because of sharp rises in clothing, foot-wear, consumer durable household goods after the winter sales. ■ East German industrial



Teamsters in first big strike for 15 years

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Picket lines went up across the US yesterday as the once powerful Teamsters union launched its first big strike in 15 years against 22 road haulage companies, but little immediate effect was felt on deliv-

Mr Ron Carey, Teamsters president, called about 75,000 members out on strike after talks broke down over the. baulage companies: plan to use more part-time workers and to send more goods by rail: "We have no other choice

but to strike," Mr Carey said. The companies targeted by the Teamsters strike, which belong to a negotiating consor-tium called Trucking Manage-ment Inc. handle shout half of all consolidated road freight in the US - single truck loads made up by the haulage com-panies of consignments that on their own make up less than a

They include companies such as Consolidated Freightways, ABF Freight Systems; and Roadway Express, which have faced increasing competition in segments of their market from parcel delivery companies such as UPS.

The strike is most likely to affect deliveries of manufacturing components, small finished

eries, but is not expected to constrict food supplies, since most supermarket chains have their own truck fleets.

The trucking companies currently ship between 5 and 15 per cent of their freight by rail, but had proposed a new contract allowing up to 35 per cent to move by rail. They also wanted a quarter of the work in their terminals to be done by part time workers, giving them more flexibility to deal with peaks in demand

For the Teamsters, the strike is a critical test. Mr Carey was elected president in 1991 as the leader of an effort to clean up the scandal-ridden union, which had been operating under a federal court order as part of a settlement of allega-tions stemming from its close links with organised crime. Three of Mr Carey's six imme diate predecessors went to prison, and two others were the objects of criminal investigations when they left office.

His leadership has been called into question, however, and the union's finances, especially its strike fund, are in poor shape. Members last month voted against an increase in union dues but the Teamsters have secured a \$50m loan guarantee from the AFL-CIO, the US labour union fed-

NEWS IN BRIEF

Maine relents over drink boxes

The state of Maine has been forced to back down in its fight against drink boxes, the rectangular laminated packages made by companies such as Tetra-Pak and Combibloc, George Graham

reports from Washington.
Governor John McKernan this week signed a bill repealing Maine's three and a half year ban on the drink box, which is more difficult to recycle than aluminium cans or glass bottles and which the state feared would fill up all scarce landfills. But the hoxes have proved a hit with consumers, who buy around 4bn of

them in the US each year.

Maine's state legislature decided in 1990 to ben the boxes, but last month, after years of industry pressure, it reversed itself. Packaging companies have agreed, in exchange, to help municipalities set up recycling programmes.

Honduras murder plot

The Honduran army said on Tuesday it was investigating a foiled plot to assessinate President Carlos Roberto Reina and kidnap a businessman, Reuter reports from Tegncigalpa. Lt Col Napoleon Santos, an army spokesman, said one of four men implicated in the conspiracy had said a Honduran citizen with links to the drug trade had offered the group \$400,000 to kill the president and more than \$500,000 to kidnap the businessman.

Chilean police chief row

President Eduardo Frei of Chile yesterday threatened to convoke the National Security Council to force the resignation of his chief the National Security Council to force the resignation of his chief of police, General Rodolfo Stange, writes David Pilling from Santiago. Under the 1980 constitution, drawn up by the military, the president cannot dismiss commanders in chief of the armed forces, of which the police chief is one, although President Frei forces, of which the police chief is one, although President Frei forces, of which the bolicese Con Stangel and Market hallower Con Stangel and Market hallo has made it clear he believes Gen Stange's position to be untena-

The chamber of deputies added weight to President Frei's cause by passing an emergency motion describing as "regrettable" Gen Stange's refusal to resign after being implicated in an alleged cover-up of the 1985 murder of three communists.

Ecuador debt payment

Reuador yesterday announced it would resume interest payment on its \$7(m (\$4.70m) foreign commercial debt, it stopped servicing in September, 1992, Raymond Colitt writes from Quito. Though the initial payment of \$5m towards interest in arrears is only symbolic, Finance Minister Cesar Robalino said it would allow negotiations with the commercial banks to move ahead.

Mexico defends currency

Mexican interest rates rose sharply yesterday, as the government sought to stem an outflow of foreign capital which is threatening the stability of the exchange rate.

Short-term rates on 28-day paper rose to 14.31 per cent, rease of 2.7 perce points on the day, and up from 8.81 per cent in late February. One year rates also rose to 13.66 per cent, a level not seen since last August.

The stockmarket reacted badly to the interest rate rise, falling 1.4 per cent by midsession, to 22,203. Mexico's economy was formally in recession in the second half of last year, and the government had been hoping for a rapid recovery before August's presi-

But the peso strengthened slightly, to 3.35 to the dollar resterday morning, although it remained close to its permit-ted limit, and about 8 per cent weaker than at the beginning

A devaluation of the peso outside the central bank's exchange rate band would come as a serious political blow to the government.

Turmoil laid at new government's door, writes Bernard Simon Canada Liberals dismay markets

₹ anada's Liberai government has sought to soothe the financial markets with promises of economic rectitude since it came to office last November, but its response to their recent turbu-lence has raised doubts about its commitment, Market sentiment has taken a heavy toll in

The Bank of Canada set its trend-setting Bank rate, or dis-count rate, at 6.21 per cent this week, sharply above the low of 3.87 per cent in early February. Commercial banks have raised their prime lending rates twice in the past three weeks to 6.75 per cent and another rise is expected soon.

Yields on long-term government bonds reached 8.6 per cent this week, from 7.1 per cent in early February and mortgage rates have jumped. But the interest rate rises have been too little and too

late to prevent a run on the Canadian dollar which has sunk to its lowest level in eight years. The currency has slid by almost four US cents in two months, touching a low of 71.62 on Tuesday. The slide began with the US Federal Reserve Board's landmark tightening of monetary policy in early February, which resulted in greater changes north of the

border than in the US itself. The gap between US and Canadian 10-year bond yields has widened over the past two months from about 7/10s of a percentage point to 1.25 points. The spread on short-term securities has opened up even fur-ther. This divergence does not appear justified by the relative performance of the two econo-

mies. Canada's inflation rate, at a year-on-year rate of 1.3 per cent in February, is well below the US. The business recovery has also been far less robust in Canada, where unemployment remains over 11 per cent. Economists place much of the blame for the rattled mar-

kets on the Liberal finance minister, Mr Paul Martin, and on Mr Gordon Thiessen, whom the Liberals named as Bank of Canada governor last February to replace Mr John Crow. The stated aim of both men is to balance low inflation and fiscal restraint with steady growth and job creation.

"The balanced approach is a code word for getting nothing done," says Mr George Vasic, chief economist at securities firm Bunting Warburg.

Mr Thiessen has certainly commitment than Mr Crow to attacking inflation. "Crow would have left no room for

doubt," said one unhappy finance ministry official.

Mr Thiessen on Tuesday did reaffirm an inflation target of between 1 and 3 per cent for the next three years - in his first keynote speech. And Mr Martin raised half a cheer in the markets with his first budget last February, in which he promised to bring down the federal deficit from C\$45.7bn in the year to March 31, 1994, to C\$39.7bn in fiscal 1995 and CS32.7bn in 1996.

Closer examination of the budget and subsequent statements by Mr Martin and Mr Jean Chrétien, the prime minister, suggest the Liberals are



through unpopular spending The previous government's budget projections were blown off course by stagnant tax revenues rather than unexpectedly high outlays. Mr Martin and his advisers are banking heavily on an accelerating recovery to push up revenues.
"We are going to hit our tar-

get," Mr Martin said on Tuesday. "There is sufficient room to manoeuvre in our budget in terms of the projections that we have made."

Some economists question this conclusion. The budget assumed an average long-term government bond yield of 6.4 per cent. With debt-service payments accounting for about a third of all government outlays, any jump in interest rates can quickly undermine budget

Mr Thiessen and Mr Martin do appear to have calmed the markets for the time being. In the past two days, bond prices and the Canadian dollar have recovered part of their losses. But the turbulence of the past few weeks has revealed the fragility of investor confi-dence in Canada and several more potentially unsettling

Quebec separatists are confident of a strong showing in elections later this year. If they win, they have promised to hold a referendum on indepen-dence for the francophone province within 12 months.

The ten provinces will pres ent their 1994-1995 budgets over the next six weeks. Their combined borrowings now exceed those of the federal gov-

"You've got to be betting on a weak currency," Mr Michael Manford, chief economist at ScotiaMcLeod said yesterday. Scotia has lowered its 1994 forecast of the Canadian dollar to between 7L4 and 73.5 US

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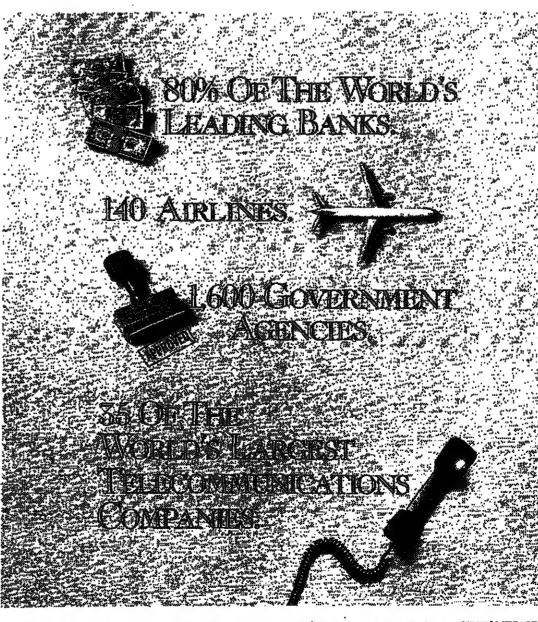
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defrauded of \$210m

By Leslie Crawford in Nairobi

Kenya's monetary authorities yesterday revealed that the central bank was defrauded of \$210m (£141m) last year - an amount equivalent to 6 per cent of the country's gross domestic product - in what probably counts as the biggest embezzlement of public funds in Kenya's history.

As a result, the central bank recorded a net loss of 4.5bn shillings (£47m) in the year to June 1993, according to the bank's auditors. The losses were incurred in foreign exchange trading and on unsecured advances to three local banks which have ceased operations.

Mr Micah Cheserem, who became the central bank governor in July, after the losses were detected, says his main

Amos Wako, the attorney-gen-eral, has meanwhile launched an investigation into the financial activities of the local Exchange Bank, which is in liquidation. Mr Cheserem says the cen-

tral bank entered into a forward foreign exchange con-tract with Exchange Bank last April in which the central bank advanced KSh9.9bn against a future payment of \$210m. Subsequently, it is claimed, central bank officials and Exchange Bank conspired to erase the latter's liabilities by setting up bogus bank accounts in the name of the central bank with two interna-

tional banks in London. The alleged fraud was discovered when the International Monetary Fund questioned the apparent \$210m central bank false, in an apparent attempt to conceal the fact that Exchange Bank had defaulted on the contract," Mr Cheserem said in an interview yesterday. Mr Cheserem is surprised

that such a large contract was approved at a time when Exchange Bank was already under investigation for the alleged falsification of export documents for a related com-

The central bank ordered Exchange Bank into liquida-tion last year after an independent audit of its activities. The audit has never been made public, compounding the wide-spread belief that senior politicians in the ruling Kanu party benefited from Exchange Bank's activities.

Former central bank employees are being questioned in

Kenya central bank UN's Somalia military role attacked



Somali warlord Mohamed Farah Aideed (left) addresses 700 delegates at a Pan-African Congress in Kampala, Uganda, yesterday. Aideed demanded compensation from the UN for the 13,000 Somalis he claims were killed by peacekeepers in Somalia last year

United Nations troops had been "a little more trig-ger-happy than they should have been" during Operation Restore Hope, the peace-enforcing operation in Somalia, a UN envoy to the country said yesterday.

Mr Michael Harper, director of the United Nations Association UK, said on his return from a Unicef-funded mission to Somalia that the UN had come unstuck at the military level". The humanitarian effort had been largely successful, but the military operation had failed to achieve its aim of disarming the Somali warlords, and had alienated the Somali

people.

He criticised the role of the US soldiers in Somalia, saying that "for the past six months, the Americans have been looking after the Americans," seeking to minimise casualties. He would recommend to Mr Boutros Boutros Ghali, UN sec-

"should never be a UN military presence and a unilateral non-UN international military presence, be it the US or any-

one else, working simulta-neously. His criticisms indicate the His criticisms indicate the degree to which the operation has damped UN peace enforcing ambitions. He acknowledged Amnesty International's allegations of human rights abuses by INN rescence.

abuses by UN personnel, saying he suspected they were "basically founded". He stressed the absence of military wisdom in New York combined with disorganisation in Somalia. "The individual national units tended to operate in their own way and decide which bits of the (UN) mandate they would or would

Mr Harper's attack came amid allegations of a cover-up of a report on the massacre in June last year of 23 Pakistani soldiers serving as part of the UN forces. The UN-commissioned inquiry has never been

Mandela rules out election postponement

Mr Nelson Mandela, African National Congress president, yesterday ruled out any postponement of South Africa's forthcoming all-race elections. despite a report from the country's Independent Electoral Commission saying it would be impossible to hold elections in violent Natal province.

"Let me tell you there will be no postponement of elections ...either in the province of Natal or in any of the prov-inces," Mr Mandela told a youth conference in Durban. "We will not postpone our freedom...We will not postpone our plans to build a better life for all South Africans."

Some 700 additional troops were last night on their way to bolster the 2,000 soldiers emergency in Natal, where over 100 people have died in

A government spokesman said last night the Natal crisis required a political solution. which will be the focus of tomorrow's peace summit between Mr Mandels, President FW de Klerk, Inkatha leader Chief Mangosuthu Buthelezi and Zulu King Good-will Zwelethini, who are to

meet at an undisclosed venue. The ANC hopes at that meeting to assuage the fears of the Zulu King about the future of his monarchy by promising to protect his salary and status under a new constitution. ANC officials believe they can offer the king a deal which will persuade him to break with his ally, Chief Buthelezi, and accept the constitution, seriously undermining Inkatha's

ELECTIONS April 26-26 Anglican cathedral. In three weeks, the vast majority of them will enter a real polling station to vote in a general election for the first

tion Trust, and strain to hear her patient explanation of how

to avoid spoiling the paper. Over and over again, she explains that no, they must not sign the paper, and no, they must not print their address in the box next to the party of their choice. One old woman worries that her mark on the

South Africa throbs to an electoral beat

Rap groups, game shows, TV soaps are all being used to educate voters, reports Patti Waldmeir

Confused but elated, mem-bers of the Soweto Mothers' Union shove for a place at the mock polling booth outside Johannesburg's

time, and they want to be Myopic grandmothers crane their necks to glimpse the mock ballot papers being dis-tributed by Ms Lerato Mabitsela of the Matla Voter Educa-

On April 26-28, 22.7m South African voters will be eligible to vote at any one of 9,000 polling stations. Some of them will be mobile stations, to be moved in and out of areas where violence could interfere. There are no constituencies. Representatives are chosen from national party lists, so voters can attend

any polling station. Some 80m ballot papers are being printed by De La Rue, the UK security printer, and can be placed in 126,000 ballot boxes. Some

paper is not a perfect X. Ms Lerato reassures her it will do

Over the past few weeks, millions of first-time electors throughout South Africa have received some kind of voter education to prepare them for the April 26-28 poll. Some have attended mock elections held by community and church groups, political parties and s. Millions more have heen reached by TV and radio, where voter education has taken surprising forms.

These have included a primetime voter education game show, complete with a black master of ceremonies dispensing deep freezes and electric frying pans to those who cor-rectly answer questions such as: "Where do you go to vote?" and "if you spoil your paper, do you get another chance?"

The same channel carries an

election soap opera, featuring a black comedian as the main character in a drama revolving around issues such as democracy and political intimidation. A local rap group, Prophets of the City, has taken their own brand of voter education to black schools, where they rap out the message "You gotta vote, you gotta vote". The children are expected to

pass the message on to their

the UN says it expects 5,000 foreign observers. The commission (11 eminent South Africans and five international commissioners under the chairmanship of Judge Johann Kriegler) will conduct the poll and decide whether it

193,706 voting officers will staff the polling

is free and fair. There is no appeal against

stations; 90,838 enumerators will count votes.

The Independent Electoral Commission plans to deploy 10,000 monitors by mid-April;

Travelling concerts and roadshows, some of them funded by an election initiative launched recently by South African business, take the message deep into rural communities. Music cassettes combining a message of tolerance and goodwill with popular music have been distributed to the tens of thousands of minibus taxis which

provide the main form of transport for black South Africans. Because there is no central co-ordination of the voter education effort, nobody knows how many people have been has been spent. From overseas,

the European Union has contributed R20m (£2.7m) and the South Africa Free Election Fund, a US business initiative, at least \$5m (£3.3m). Foreign voter educators say they believe it is one of the most ambitious such exercises conducted anywhere.

The task is daunting; some 70 per cent of South Africa's 22.7m eligible voters have probably never voted before (some may have voted in black local elections, but turnout at these polls was always minuscule). South Africa's voting system

is relatively simple: the ballot shows each party's name, logo and the picture of its leader, voters need mark only one box (representatives are then chosen automatically from each party's electoral list). But matters have been complicated by the recent addition of a second ballot for regional parliaments. Most voters have no idea of

the purpose of the second paper: some said they would not mark it, as they had been told it was illegal to vote twice. But by far the greatest problem especially in Natal Province where the Inkatha Freedom party is boycotting the election. Voter educators from the rival ANC have been targeted by inkatha, with several mur-

Natal voter education groups say they have been unable to operate in Inkatha areas since mid-February. They believe the recent imposition of a state of, emergency will only spark fur-ther resentment in lukaths

But voter educators complain that the ANC, too, is inhibiting their work in Natal. "We're having problems in ANC areas as well. We're being told that if we're not teaching people to vote ANC, we're not to be doing voter education, says Ms Carole Backey of the Community Law Centre in Durban. But Inkatha's name will not appear on the final

No amount of voter education can solve South Africa's real problems, which remain

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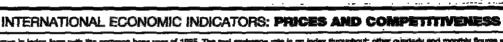


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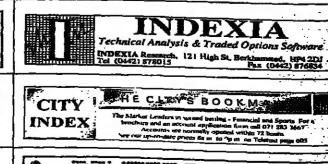
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1986	9.101	98.5	102.2	99.4	88.4	100.8	95.3	101.4	103.4	117.4	99.9	97.5	103.8	103.8	- 109.7
1967	105.6	100.7	103.8	96.7	30.2	101.2	92.5	103.1	100,6	120,8	100.1	95.1	108.0	107.1	114.6
1985	109,9	103.2	106.9	99.1	74.2	102.2	92.5	107.8	96.2	127.1	101.4	96.2	113,0	106.9	113.3
1989	115.2	108.5	110.0	101.1	77.3	104.9	94,2	114.0	96.7	118.5	104.2	99.3	. 117.3	106.0	110.1
1990	121,5	113.8	113.8	104.3	76,0	108.2	95.7	120.1	98.3	105.7	107.0	101.0	123,8	110.3	. 1143
1961	126.6	116.3	117.3	107.8	76.8	111.5	96,8	124.2	101.8	111.8	110.7	105.4	131.8	1150	111.8
1902	130,4	117.7	120.2	108.1	76.6	113.9	95.8	125.6	111.1	114.0	115.1	104.8	138.6	121.5	114.9
1963	134.3	119.2	123.4	105,4	78,4	115.3	94.3	125.8		130.1	119.8	104.8			115.4
1st qtr.1903	3.2	2.0	2.8	-1,9	79.4	1.2	-1.1	-0.5	7.0	121.0	4.3	0.5	n.a.	9.7	118.9
2nd ofr.1993	3.2	2.0	2.5	-2.3	77,9	1.0	-1.4	0.7	5.3	129.7	4.2	-0.2	n.a.	5.4	115.2
3rd otr.1993	2,8	0,7	2.5	-27	78.1	1.6	-1.8	0.4	4.7	136.4	4.2	-0.3	n.a.	1.6	114.7
4th ctr.1993	2.7	0.3	3.0	-2,9	78.3	1.2	-2.1	0.0		133.2	3.7	-0.2	n.e.	_	1147
March 1993	8.1	2.0	2.5	-2.0	79.1	1.2	-1.2	1.0	3.6	124.5	4.2	0.2		5.2	116.5 116.5
April	3.2	2,5	2.5	-21	77.8	0.9	-1.3	2.0	5.4	127.1	4,3	0.1		7.4	118.5
May	3.2	2.1	2.5	-2.1	77.8	1.1	-1.5	2.3	6.1	129.0	4.2	-0.2		5.8	. 115.2
June	3.0	1,3	2.5	-2.8	78.0	1.0	-1.5	-0.9	4.5	133.1	4.2	-0.4		3.3	113.6
July	2.8	1.3	2.5	-2.5	79.1	1.6	-1.7	-1.2	5.4	134.4	4.3	-0.2		3.0 ·	· 113.1
August	2.8	0.5	25	-2.7	77.9	2.0	-1.8	2.3	. 3.4	139.4	4.2	-0.2		0.4	114.6
September	2.7	0,4	25	-2.6	77.4	1.3	-2.0	1.5	5.4	135.4	4.0	-0.3		2.0	116,7
October	2.8	0.2	2.5	-29	77.6	1.2	-2.1	0.6	6.9	134.2	3.9	-0.2		-0.2	116.5
November	2.7	0.3	3.3	-2.2	78.5	0.9	-2.1	1.7	4.3	134.0	3.6	-0.2		-3.4	116.5 114.4
December	2.8	0,2	3.3	-3.7	78.5	1.3	-22	-1.1		131.4	3.7	-0.1		-3.5	113.5
January 1984	2.5	0.2	25	-2.0	79.2	1.4	-2.1	4.6		129.9	3.5	0.0			111.7
February	2.5	0.2			78.6	1.3				135.7	3.4	0.2			111.0
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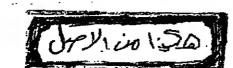


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China under Paris tries to melt Beijing ice pressure over HK newsman

By Simon Holberton in Hong Kong

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China yesterday came under pressure from its own supporters in Hong Kong to explain why it had sentenced a journalist working for one of the colony's leading daily newspa-pers to 12 years in jail.

Earlier this week it emerged that Mr Xi Yang, a Beijing correspondent for the Ming Pao daily, had been found guilty of "stealing and spying on state secrets".

The sentence came after a

trial held in camera, at which Mr Xi was not represented by a lawyer. An employee at the People's Bank of China, the central bank, was sentenced to 15 years' prison for assisting Mr Xi in his work. The sentence meted out to Mr XI was seen in Hong Kong as disproportionate to any he offence he might have committed.

Some observers said it was a classic example of the Chinese adage "to kill a chicken to scare a monkey", in other words, to warn Hong Kong's news media of the limits to inquiry by severely punishing

one of their number. Last summer Mr Xi wrote a series of articles about China's attempt to cool its economy.

He reported that the People's Bank had sold gold to buy yuan to stabilise the currency; also, he forecast accurately a rise in short-term interest

Leading pro-Beijing figures such as Mr Tsang Yok Sing, leader of a China-funded political party in the colony, and Mr Ku Kiming, publisher of a pro-Beijing magazine, called on China to prove that Mr XI was engaged in anything other than news-gathering.

Mr Xu said the 12-year sentence was too heavy. Mr Xi had never used the information he got "in any other way involving espionage, apart from printing it in the newspaper." Mr Xi has been given leave to appeal against the verdict of

Beiting's Intermediate Court.
Mr Kevin Lau, vice-president of Hong Kong's journalists' association, said the verdict had scared Hong Kong-based journalists who have to travel to China. There were no objective cri-

teria for what constituted a secret in China, he added. He said that after Hong Kong's return to China in 1997, it will have to enact laws to protect state secrets. China's law was "vague and subject to arbitrary interpretation".

Balladur wants warmer relations, say Tony Walker and John Ridding groundwork for a revival of share of China's imports fell to r Edouard Balladur, just 1.5 per cent in 1993 com-

France's prime min-ister, could have picked a better week to visit Beijing for talks aimed at celebrating a warming of Sino-French relations after the ici-

China's announcement on Monday that it was investigating its most prominent dissident for new, and as yet unspecified, crimes has cast a considerable shadow over the

ness of the past year or so.

Mr Balladur, due to arrive in Beijing today, can hardly avoid broaching with his Chinese hosts the subject of Mr Wei Jingsheng's incarceration. At the very least, the continued detention of Mr Wei would preclude any possibility of a visit to France this year by China's

Premier Li Peng. French officials have been contrasting the relatively low-key Balladur mission to China with that of Germany's Chancellor Helmut Kohl last November. Mr Kohl arrived in Beijing with a clutch of German industrialists who then proceeded to sign deals worth about \$2bn (£1.35bn), including a Siemens agreement to build the Guanghzou subway.

Mr Balladur, on the other hand, will be travelling with a relatively small delegation including Mr Alain Juppe, his foreign minister, and Mr Gérard Longuet, trade and industry minister. But this is not to say the Balladur mission is without commercial impor-

business relations chilled following the 1992 decision of the previous French government to allow the sale of about \$2.6bn worth of armaments to Taiwan, including 60 Mirase 2000-5 fighters and 1,500

surface to air missiles. A furious Beijing ordered

almost double official esticlosure of France's consulate mates. in Guanghzou, and discriminated against French compa- ing that the Balladur mission

compared with other western groups' - French industrialist nies bidding for Chinese conwill at least improve access in

We have been at a disadvantage

Mr Balladur's ministers have made little attempt to disguise the impulses that led to the mid-January Sino-French declaration which placed a moretorium on further arms sales to Taiwan and opened the way for at a disadvantage compared restoration of what were described as "friendly rela-

Mr Juppé, in an interview last November with the French newspaper Les Echos, asked with Gallic pragmatism: "Shall we place our bets on a country with 20m people or one with 1.3bn people? One that is the world's third largest economy? The choice is clear. France wants to re-establish trusting relations with China."

France's disquiet over its diminishing stake in business with China is borne out by trade figures which showed its the next five years. Aerospe-

what is proving a highly competitive market. France's powerful energy, utilities and communications groups hope to derive early benefits from the Sino-French rapprochement. "It is clear that we have been

pared with 3 per cent in 1980.

French business will be hop-

with other western groups," said an executive of a French engineering company, "Now we have the opportunity to compete on an equal footing." Elèctricité de France and Framatome, suppliers of technology for China's Daya Bay nuclear complex, as well as Alsthom, the engineering group, are all jostling with international competitors to supply China's energy needs.

Alcatel is similarly enthusiastic about Beijing's plans to raise almost tenfold the number of its telephone lines over tiale, the aircraft group, is also seeking to break into China's growing aerospace market.

But French officials in Bei-Mr Longuet estimates that contracts worth more than jing say France will make it PFr3bn (£354m) were lost dur-ing the 1992-94 chill. The Patroclear to China that the soft loans used in the past to sweeten commercial deals will nat, the French employers' federation, puts the tally at not be made available quite so readily in the future.

Concessional loans from Paris to China total about FFr35bn, France's biggest exposure abroad. Officials say Prance does not intend to use its facilities to engage in "cut-throat" attempts to secure business at the expense of its fellow-Europeans.

Mr Balladur's other mission will be to oil the political relationship with Beijing and improve the consultative process between fellow Security Council members.

"We became marginalised in relations with Beijing," said a French foreign ministry official, adding that "it is worry ing when one considers the

growing diplomatic and regional importance of China." But French and Chinese wishes to make a fresh start in relations are certain to be bedevilled by the human rights issue, especially if Mr Wei continues to be held for question-

ing during the Balladur visit.

Mr Juppé told Le Figaro last week: "France has no intention of closing its eyes to the prob-lems of human rights in China." France's overtures to Beijing have been based on pragmatism. The limits of that approach will be tested this

Manila 'drug

police' claim

Ten per cent of metropolitan Manila's police force are pro-

tectors or members of drug

syndicates, the Manila newspa-

per Today quoted Police Direc-

tor Ricardo Sarmiento as say-ing yesterday, Reuter reports from Manila. It claimed he said

some were involved with Asian

drug rings, including Hong Kong's 14K Triad. All members

of the country's police force

were ordered to undergo drug tests, to fight the rising num-

ber said to be using drugs.



Mieno: "Japanese economy close to hitting bottom"

Bank chief more confident on Japan economy

Mr Yasushi Mieno, governor of the Bank of Japan, yesterday slightly upgraded his view of the economic outlook, after a quarterly meeting with regional branch managers.

The economy is brighter and close to hitting bottom," said Mr Mieno, a mildly less cautious choice of words than his pronouncement last week that the conditions for recovary were falling into place. He said his view had "deli-

cately" changed in the light of a three-day day meeting with 33 branch managers, ending vesterday. Branch managers told Mr

Mieno that corporate senti-

ment had improved and that

stocks and in restructuring. Exports were improving in response to a rise in overseas demand led by the US, said Mr Mieno. "Improvements in domestic activities are spreading," he added.
There was only a "slim" risk that these signs of economic improvement would evaporate,

size, rather than the timing, of

a recovery. Japanese compa-nies had made steady progress

in winding down surplus

es did a phantom upturn this time last year, he maintained. However, he warned that the yen's continued strength, the impasse in trade talks with the US and staff reductions by Japanese companies might still harm the economic outlook.

UN envoy fails to win Afghan ceasefire

A United Nations envoy left the Afghan capital, Kabul, yesterday saying he had failed to win a commitment for a cease-fire from President Burhanuddin Rab-bani and his rival, Prime Minister Gulbuddin Hekmatyar, Reuter reports from

Kabul. Kabul.
"I have not got a firm commitment from the conflicting sides for a lasting consecure," Mr Mahiand Mestiri, special envoy of Mr Boutros Boutros Ghall, UN secretary-general, said at the end of a five-day visit:

He planned to meet leaders of Afghanistan's provinces over the next fire during the envoy's visit, although two weeks to try to find a way of end-clashes expeted in the Tagab Valley, ing the fighting before returning to about 40 miles north-east of Kabul.

Mr Mestiri had two rounds of talks with Mr Rabbeni and met Mr Hekmatyar at the prime minister's headquar-ters south of Kabul to try to mediate return to the inhuman conditions of an end to two years of factional war-

"We prefer a permanent ceasefire to a temporary one, not only in Kabul but in all of Afghanistan," Mr Rabbani declared after his talks with Mr Mes-

The two sides had agreed to a cease-

"I asked the leaders, especially the fighting sides, to extend the ceasefire formed an Islamic coalition in April which has been holding during this 1982. visit," Mr Mestiri said.

the past three months of war." The International Committee of the Red Cross says 2,500 people have been killed, 17,000 wounded and 300,000 made homeless since the latest round

of the war for supremacy in Kabul erupted on New Year's Day. More than 11,600 people have been killed and a third of Kabul's 1.5m residents have fied the fighting since Muja-hideen groups took power from the forMr Rabbani said he had asked the

UN to continue its involvement in Afginanistan.
"I hope with the co-operation of the United Nations that a decision-making body could be established soon, made

up of people's delegates from all over Alghanistan," he added. Mr Hekmatyar has demanded Mr Rabbani's resignation as a prerequisite

Mr Rabbani refuses, saying his departure would open a dangerous



Probably the best beer in the world.

Gatt's successor to be given real clout

Frances Williams on the likely workings of the World Trade Organisation

The World Trade Organisation that succeeds the General Agreement on Tariffs and Trade next year will be a bigger beast but in most respects a similar animal

If negotiations with the Swiss government go well, the WTO will be comfortably ensconced in Gatt's existing Egyptianate building by Lake

The present staff will stay - though there will be some new faces. Transformation of Gatt from an interim, albeit long-standing, secretariat to a fully fledged international organisation represents a useful legal "tidy-ing-up" of its anomalous position. The WTO will continue to operate.

as Gatt does, on the basis of consensus and mutual agreement between member governments. The differences, however, are crucial. The WTO will have stronger, clearer rules applying to virtually all areas of world trade, from agriculture to accountancy. Even more important, those rules will be enforced by a semijudicial disputes procedure which will no longer allow countries to block findings against them.

All those wanting to join the WTO must accept the results of the Uruguay Round of trade liberalisation talks in their entirety. A general council of WTO members will have subsidiary bodies responsible for trade in goods, services and intellec-

ual property. But the organisation's top decision-

Mr Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, has called a meeting of trade envoys to discuss a dispute between the US and developing countries over trade and labour conditions, a spokesman said yesterday, report Reuter in Geneva and David Goodhart, Labour Editor, in London.

The spokesman said Mr Sotherland was in intense consultations on the problem, that has overshadowed a gathering of ministers from 121 countries in Marrakesh next week to sign new Gatt world trade accords.

taking forum will be a two-yearly ministerial meeting - an attempt to give the organisation more political clout in capitals and a higher profile internationally.

Mr Peter Sutherland, Gatt director general, has made no secret of his desire to reclaim for the WTO the role assigned to the stillborn international Trade Organisation in global eco-

nomic policy-making.
The ITO, negotiated in 1948, was intended to operate as an equal along-side the International Monetary Fund and the World Bank when these institutions were set up after the war. After the US Congress refused to ratify the ITO, the Gatt remained as a contractual arrangement between governments, serviced by the secretariat to the ITO interim committee. Not everyone shares Mr Suther-land's lofty ambitions for the WTO. report to the ambassadors to Gatt on his consultations "and see if there were a possibility of some kind of

The US, backed by France, wants a nisterial declaration in Marrakesh to accept that a new World Trade Organisation, to replace the Gatt next year, would deal with the link between trade and labour. Developing countries fear this

would open the door to new tariffs on their goods to compensate for the fact that they are produced with cheaper

Some fear they will encourage UNstyle wattle rather than action. "The great advantage of Gatt is that people go there to negotiate, not to talk," says a senior European trade official.

By common consent, however, the WTO's credibility as an effective fairtrade policeman will stand or fall on the success of its new dispute settle-

In a radical departure from previous practice, independent panel reports will be automatically adopted by the WTO unless there is a consensus to reject them. Complained against countries may appeal to a permanent appellate body but its verdict will be

if offenders then fall to comply with panel recommendations, trading partners will have the right to compensation or, in the last resort, to impose (commensurate) trade sanctions.

He said Mr Sutherland would labour, and have refused to consider any reference to the issue in the

> The European Parliament might also refuse to ratify the Gatt deal early in May If the Marrakesh meeting later this month produces no commitment to examine the link between trade and workers' rights. Mr Michael Hindley, leader of the majority socialist group on the European Parliament's external trade committee, said yesterday that the socialist group may refuse to ratify the treaty.

Every stage of the procedure is subject to strict time limits.

The US, which has loudly voiced its frustrations with the present system, has high hopes of the new one. "The new system... will work and it will work fast." Mr Mickey Kantor, US trade representative, told Congress in January. He noted approvingly that there will also be the possibility of cross-retaliation - the raising of tariffs, say, for a breach of the intellectual property rules.

However, the new system will also substantially diminish the scope for unilateral US action, a key objective of the EU and developing countries in the Urugusy Round talks. WTO members are obliged to use multilateral disputes settlement wherever available. And since WTO rules will extend to services and intellectual property as well as goods, most disputes

will fall within its jurisdiction. Some trade officials have predicted a wave of test cases, especially in relation to the new accord on intellectual property rights - but Gatt is not expecting a big permanent increase in the present workload. About a dozen tes are going through panel pro-

Nevertheless, Gatt says it will need more lawyers, especially to service the appellate body, and there will have to be extra staff to cope with the WTO's work on services and intellec-

Though the final word on the WTO's expansion will rest with member governments, who will have to approve an increase in the present SV:94m (845m) annual budget. Gatt expects to add 40-50 professionals to the 180-it currently employs within its

400-strong staff.
Gatt officials point out that the WTO will remain tiny by the standards of other international organisations. The World Bank, with a budget of SFrl.Shn, employs 3,700 profession-als. The IMF has 1,300 professionals and a budget of SFr477m. Even the Paris-based OECD, which has no exec-ntive functions, employs 1,100 profes-sionals with a budget of SFr350m. "When you consider that the Uru-

guay Round agreement is going to generate up to \$270bn (£182bn) annu-ally in extra world income in the goods area alone, the WTO represents a pretty good return on investment, says one top official, half-seriously.



Protests grow in India over Gatt accord

in New Delhi

Hundreds of thousands of protesters staged a rally in New Delhi yesterday, in the higgest demonstration so far of public opposition to the Uruguay Round agreement on world trade liberalisation.

The meeting, organised by the right-wing militant Hindu Bharatiya Janata party, fol-lowed another on Tuesday called by left-wing groups. which also attracted more than 100,000 people.

At both events, speakers condemned the Uruguay Round draft accord as an instrument of oppression foisted by rich countries on the developing world. They said the agreement would pave the way to new economic enslavement of India.

At yesterday's rally, Mr. Arthur Dunkel, former director-general of Gatt Trade, was burnt in effigy. The railies highlight fears in India and fresh impetus to the organic other developing countries that of this week's Delhi rallies.

tries will use the new World Trade Organisation, which is being established to replace Gatt, to impose one-sided conditions for trade with third world nations.

K comp

The public protests have not persuaded the government of Mr Narasimha Rao, the prime minister, to change its mind about approving the Urugay Round pact at the Gatt meeting in Marrakesh next week. Like most other developing

country leaders Mr Rac has accepted that the benefits of the agreement, in terms of greater access to world markets, outweigh disadvantages, such as opening India's markets to foreign companies fas-ter than he would like.

But the recent US move to link trade pacts to social issues els, pollution controls and human rights has angered India and other developing countries. The US action gave fresh impetus to the organisers

Tokyo backs US drive on labour

Developing country members of Gett would benefit from a US proposal to establish an organisation to discuss the issue of labour standards and trade, Japan's ambassador to Gatt said yesterday, Michivo Nakamoto reports from

Mr Nobutoshi Akao said "developing countries should not be too worried," about the US proposal, since the proposal was merely to discuss the issue rather than make any decisions right away.

The US has threatened to upset the signing of the Urdguay Round agreement in Marrakesh next week by insisting its proposal to estab lish a committee to discuss labour standards under Gatt be included in the declar-

The US proposal is strongly opposed by developing countries, which fear the issue of labour standards could be used against them as a protectionist measure by industria lised countries.

Correction

US-Soviet launch venture

An article published on March 18 ("US-Russian space venture in key deals") stated that Lock-heed-Khrunichev-Energia International (LKEI), a US-Russian venture to launch satellites using Russian Proton rockets, had secured contracts to launch up to five satellites for Societé Europeene des Satellites (SES), the operator of the pan-European Astra satel-lite system.

Although LKEI has recon-firmed it has an agreement to provide launch services for SES, a final decision on the launch provider for Astra IF will, according to SES, not be made before the end of 1994. The US-Russian venture has pointed out that final agreements have yet to be reached on specific launches.

SES said that it has not signed a contract for the launch of five satellites on board Proton launch vehicles However, SES is "considering launching the Astra 1F satellite on a Proton launch vehicle," said Mr Yves Feltes, a spokesman for SES, "and is proceeding with technical activities necessary to make such a launch feasible."

SES was incorrectly identified in our report as the opera-tor of the DirecTV satellite broadcast system, which is about to be introduced in the US by Hughes. We regret this

Warning on China MFN row

By George Graham in Washington

The World Bank has warried the US and China that both countries could face conse quences ranging "from the dramatic to the disastrous" if the US were to withdraw most favoured nation trade privaleges from China.

In a study of trade reform in China the Washington-based development bank estimates that Chinese exports to the US could drop by between 42 and 96 per cent if the MFN ptivileges are not renewed - a los of between \$7bn (£4.7bn) and \$15.2bn (£10.2bn).

The Clinton administration has demanded progress on a number of human rights issues before it will agree to renew MFN, which is due to expire on

An end to MFN privileges would mean that Chinese goods would be taxed at gen-eral tariff rates which are often five to ten times higher than MFN rates. The average tariff would rise from 13.4 per cent to

42 per can.

The precise effects will vary, depending on how much other countries are able to sell substitutes for goods now sold by

US consumers could also lose, the World Bank says. They might end up paying as much as \$14bn a year more in

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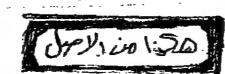
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Downing Street was last night studying a letter from Mr Gerry Adams, president of Sinn Fein, calling for direct talks on Northern Ireland, but the government continued to insist there could be no dialogue without a permanent end to violence.

The letter urging Mr John Major, the prime minister, to end the stalemate by meeting Sinn Fein to clarify the Downing Street declaration was delivered to No 10 on the first day of the IRA's three-day

A Downing Street spokes man reacted cautiously, saying it might respond to Mr Adam's request for talks, which the Sinn Féin leader says would be aimed exclusively at clarifica-tion and not negotiation, "in the next day or two".

Earlier in the day, however Downing Street had reiterated the government's position: "We are not negotiating with them and we are not going to clarify the joint declaration. They know what needs to be done, a renunciation of violence"

Despite suspicions voiced by some unionist politicians that the two sides are already in touch, Mr Tom Hartley, Sinn Féin's national chairman, yesterday denied his party was in contact with the government. He said he was not aware that any part of the republican movement was currently in contact with London:

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With an extension to the IRA



At the gates of Downing Street are Sinn Féin's Tom Hartley, national chairman, and Lucilita Breatnach, general secretary

asefire - due to end at midnight tomorrow - appearing highly unlikely in the absence of a positive government response, prospects for a breakthrough remain slim. Security forces in the province remain on full alert despite the tempo-rary suspension of violence and there are fears that the end of the ceasefire will be accompanied by an upsurge in paramilitary activity by republican and loyalist extremists.

don to deliver Mr Adams' lefter, urged Mr Major to give an "imaginative response" to what he described as an "unprecedented initiative" by the IRA which demonstrated republican readiness to be flexible in the search for peace. He criticised the govern-

ment's refusal to talk to Sinn Fein, given its readiness to do so from mid-1990 until late last year. "When we raised points for clarification then, we got them very easily. It does seem odd the British are now saying 'no' at a time when there is a real possibility of political enacted the first ceasefire of its movement and a momentum being created".

Mr Hartley said the IRA had made three important initiatives in the course of the last year. In May 1983, it offered a two-week ceasefire, which was rejected by the British govern-

Last September, said Mr Hartley, it supported the joint Adams and by Mr John Hume, leader of the Social Democratic and Labour party. Now it had

kind in 20 years. Ms Lucilita Bhreatnach, Sinn Féin general secretary, said Dublin had provided satisfactory clarification of the Downing Street document but that ambiguities and uncertainties remained which London had to clear up. She declined to be more specific, saving it would

be "unhelpful" at this stage.

the Nazi salute.

more losses

of about £60m.

are suing their agents for neg-

Britain in brief

Berlin soccer

over security

international football match

prompt violence by neo-Nazi extremists and their leftwing

German soccer officials had

pressed for the game to go ahead, saying it would be a

mistake to give in to threats of

rallies and demonstrations by political radicals.

The game was originally

scheduled for Hamburg but

was moved to Berlin after

Hamburg officials said they

could not guarantee security

Authorities feared the game

could be a flashpoint for hooli-

gans and extremists from Ger-

many, England, the Nether-lands and other countries.

for the 1936 Berlin Olympics.

reluctant to become involved

match off

England's

opponents.

In a letter to Names GW Run Off, the agency now managing the Gooda syndicates, said: certain results are materially worse than the estimates referred to in our preliminary report to Names issued in Jan-

uary 1994." Total losses of the seven syndicates now amount to £988.4m and are expected to amount eventually to more than £1.15bn. GW Run Off said that claims paid during 1993 on business underwritten in previous years had exceeded earlier

forecasts by £63.22m. Overall Lloyd's Names - the with Germany, scheduled for April 20 in Berlin, is off, the UK Football Association individuals whose assets supannounced. The news comes port the insurance market against a background of fears have suffered losses of more that the exhibition game at than £7bn since 1988. the Olympic Stadium would

> Bangers and dash...

Workers at a Scottish crisp factory found a live first world war French army hand grenade in a shipment of potatoes - for the second time in 10 days. The grenade, dating back like its predecessor to the Battle of the Somme, was spotted before it entered the manufacturing process. It was then blown up by army bomb disposal experts.

The first grenade, of the French army "modelle 1" type, turned up on Saturday March The Olympic stadium was 26 in a 20-tonne consignment built by Hitler as a showcase of French potatoes which English officials appeared arrived at the Bathgate, Lothian, plant of Highlander Snacks. The second – this time in any incidents which could a P1 "Spoon" model which the tarnish their image and reputation before England hosts French army started using in the next European champion-1915 - arrived on Tuesday.

ships in 1996. England first played in Ber-lin's Olympic Stadium in 1938, M0 signals on when, controversially, the retail sales

> Buoyant figures for money supply growth published yes-terday may indicate that retail sales were healthy in March. MO, the narrowest measure of the money supply, grew by a seasonally adjusted 5.8 per cent in the year to March, compared to an annual rate of 5.5 per

cent in February. Notes and coins, the core component of M0, rose by a seasonally adjusted 0.9 per cent between February and March, and by 6.1 per cent over the 12 month period, according to the Bank of England. The annual

court awards to Names who consistently above the govern ment's target range of 0-4 per cent, although the authorities have pointed to low interest rates, which reduce the effective cost of holding cash, as a

contributory factor. M0 growth has traditionally been assumed to be correlated with retail sales. However, analysts warned that special factors may have applied in March. According to Mr Peter Warburton, chief economist at Robert Fleming Securities "the fact that Easter fell right at the start of April means consumers will have built up cash at the end of March.'

Reserves rise \$89m

The UK's gold and foreign currency reserves rose by \$89m last month, taking reserves at the end of March to \$43.5bn compared with \$43.4hn at the end of February. The underlying change in reserves - which exludes various factors such as proceeds from this month's tender of UK ecu Treasury bills - was a drop of \$45m. BT privatisation receipts - also exluded in the underlying change - amounted to \$142m.

Steel role in SA elections

Sir David Steel, Liberal Democrat spokesman on foreign affairs, is to play a leading role in monitoring South Africa's democratic elections. As president-elect of Liberal International he has been appointed co-chairman of the European international monitoring team, and will head the observers in Natal province.

House loans sharply up

The number of mortgage loan approvals - regarded as an important forward-looking indicator - rose sharply in February compared with January, in a further sign of hous-ing market recovery. Monthly figures released by the Bank of England show that on a seasonally adjusted basis, there were 88,000 loans approved in February, against 74,000 the previous month. The total value of those loans amounted to £4.65bu, compared with £4.33bn in January.

Mr Hartley, who was in Lon-UK company law faces widespread reform

Law Courts Correspondent

Widespread reform of company law aimed at helping the growth of small businesses was signalled yesterday by Mr Neil Hamilton, the corporate affairs

Simplification of the Companies Act 1985 and the creation of a new corporate organisation along the lines of an incorporated partnership are two ideas to be considered by a Law Commission review, he

The review, announced yes-

Industry working party set up to study possible reforms of company law.

The move, which is part of the government's deregulation policy, is seen by ministers as a means of further removing obstacles to the growth of small businesses into medium sized companies better able to compete, particularly in the European single market, and to provide increased employ-

However, the DTI stressed yesterday that it should be seen as a necessary updating of terday, follows on from a current legislation rather than

Department of Trade and dramatic root and branch

The idea of an incorporated partnership would dispense with some existing concepts of company law such as the distinction between shareholders and directors while retaining other key features such as separate legal responsibility and limited liability.

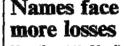
The simplification of the Companies Act might allow companies to opt out of some of its provisions. However, the protection provided for creditors and others would not be diminished. Mr Hamilton said.

commission to identify specific areas that require attention. The commission will now embark on a consultation process to identify the main problems facing small businesses before making any firm proposals. The commission is expected to report to ministers by

July this year. The commission will also look at reform of the law on legally binding corporate documents such as contracts and loan agreements. The DTI considers there are still fundamental problems with the law regarding such documents

sistent statutory provisions. It is thought that a consultation paper will be issued by the commission on this subject in

The announcements were welcomed by the Federation of Small Businesses. A spokes-man said: "A move towards incorporated partnerships would be particularly impor-tant. It would help bridge the gap between partnerships and companies which is currently in serious weakness in Britain's industrial structure. At the moment, this gap means we are losing out in our trade



More than 4,000 Lloyd's Names who are members of seven lossmaking Gooda Walker syndicates will learn this week that they face additional losses

Gooda Names must pay the extra money to meet claims paid or notified last year. These stem mainly from two sources: the Lockerbie aircrash

growth in MO has remained with the rest of Europe." in 1988 and possible future such as conflicting and incon-However, it will be left to the

By changing the face of communications, energy and transport in each country, people can change the face of the world.

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face Tube spot fines

By Jimmy Burns

Travellers who rage over the perceived inadequacy of Lon-don's underground railway system are this week having to come to terms with an additional experience: a £10 penalty fare if they travel without a valid ticket.

London Underground launched the scheme on Sunday with the aim of stemming fare evasion that is estimated to cost around £30m per year. They say 1,000 people paid the penalty in the first three days of the scheme – 500 on the first full working day in the capital

Over the past 18 months, LU has spent £2m explaining the benefits of the scheme and in giving training to 300 inspectors who will operate it.

Mr Donal McCabe, a spokesman for LU, said: "By spending 22m on the scheme, we expect to get back £6m which we would otherwise lose, and we can spend this money on help-ing improve the Underground."

The £6m, Mr McCabe pointed out, is expected to come largely from people paying fares at the outset rather than risking penalty payments.

LU says that the penatly scheme offers a short-term revenue booster while it is unable to finance electronic barriers

more widely. The inspectors have been drawn largely from existing staff and trained in "body language". LU says this is "the skill of avoiding confrontational situations" as well as knowing when "to use discretion in implementing the pen-

Ticketless New telecoms licences could cut call costs

The government gave a further boost to competition in the UK telecommunications market yesterday, awarding six new licences to operators likely to invest £100m in the next few

The licences will lead to new telecoms networks in London and Manchester - run respectively by Videotron, the cable operator, and Norweb, the electricity distributor based in the

The other four companies granted licences are Sprint and Worldcom, both significant US operators. Telstra, the Australian national operator, and Telia, the Swedish national operator.

They propose to provide a range of resale services, including international resale, which could cut the cost of international calls sharply as reciprocal agreements are signed allowing "international simple resale" - the carriage of leased-line traffic across the public networks in the UK and the destination country.

At present ISR is permitted only between the UK and Australia, Canada and Sweden, Resellers are anxious to enter the US market, but the US regulatory authorities have yet to permit ISR between the US and the UK.

The six companies have already invested more than £260m in the UK.

Mr Patrick McLoughlin, the UK's telecommunications min-

tional phone calls was "too high" and the granting of licences to additional international operators was "a valuable addition to competition in this market."

Videotron, a cable operator building combined telephone and television networks in several parts of London, has been the key London borough of Westminster and the finanical heart of the capital - the City

It plans to start building a City telecoms network - the third new City network under construction - immediately, with work starting in the Westminster area later this year. British Telecommunications holds the cable television licence for the area, its only TV franchise in the country.

The granting of a licence to Norweb, the Manchester-based electricity distributor for the north-west of England, increases the stake of the privatised electricity companies in the telecoms industry.

Norweb already offers a point-to-point telecoms service to large users in its region. It plans to expand its network, focusing particularly on the Manchester business market in association with Energis, the long-distance telecoms operator owned jointly by the twelve regional electricity companies in England and Wales which is about to launch a long-distance network erected on the National Grid's pylons.

Party tries to distance Major from poll result

Sir Norman Fowler, the chairman of Britain's ruling Conservative party, yesterday sought to distance the prime minister from the outcome of the forthcoming local elections, making it clear that Mr John Major would stay in office regardless of the result.

With rank-and-file MPs speculating that only an unexpectedly good performance could stave off a leadership challenge, Sir Norman flatly denied that the local elections on May 5 were a referendum on the prime minister's leader-

Sir Norman said that while

Mr Major would play a leading future of the prime minister who was said to be determined to remain in office and win the referendum on the prime minister had already taken place

at the general election in 1992. Asked whether the prime minister's leading role in the campaign was not a high risk strategy given poll evidence, Mr John Gummer, environment secretary, replied: "One of the joys of John Major is that once he gets out among people, people recognise in him the kind of greatness and leadership which he gives us."
The prime minister's office

at Downing Street said the results of the local elections would have no bearing on the next general election.

Sir Norman was forced on to the defensive over questions that the Conservative party was demoralised. As well as facing the local government elections the party will have to defend parliamentary and European seats later this year. "We are being told that we

are going to do badly. We were told we were going to do badly in 1992 at the general election. We were written off.

"I am entirely content that people should take a sceptical view of our chances. We are going to fight these elections very hard indeed, as hard as we can. I very much hope, and I believe, we will have gains." But Sir Norman resolutely refused to predict where he expected the Tories to make gains on May 5.

"I am not going to be drawn into where we are going to make exact wins," he told a Westminster news conference launching the Tory's local government election campaign.
Sir Norman said the party would fight the local elections

as a choice between "high quality services at a value for money cost from Conservatives or expensive Lib-Labbery". Mr Jack Straw, the opposition Labour party's environ-

ment secretary, accused Mr Kenneth Clarke, chancellor of the exchequer, and Mr Michael Portillo, Treasury chief secretary, of "suming themselves on the Mediterranean" instead of taking part in the Conserva-

tive campaign.
Labour have also been careful to play down their chances of making big gains stressing that their successes in the last round of local elections in 1990

represented a highmark in their vote in many boroughs. The last European elections were in 1989 when Conservatives were losing ground, but not on the scale of their defeats a year later when the council seats were last fought.

Ford tried to extract maximum advantage from the X100, reports Kevin Done

What it cost to keep Jaguar in Britain

£9.4m grant aid to persuade it to keep assembly of its new sports car in the UK could be dwarfed by the scale of the support that would be needed to ensure the company's next new range is manufactured in

Britain. Jaguar, the British luxury carmaker, acquired an array of new options for production locations after its £1.50n take-over by Ford of the US late in 1989. Ford - which has made little secret of its pique at the UK government's strong support and encouragement for the rival Japanese carmakers Nissan, Toyota and Honda in the UK - is clearly determined to extract maximum advantage from any "mobile" investment

Outside the company it had

The UK government's always been taken for granted decision to give Jaguar that the new luxury sports car range - to replace the XJS coupé and convertible - would be produced at Jaguar's plants at Castle Bromwich, Birmingham (body welding and paint), and Browns Lane, Coventry

(trim and final assembly). But Ford made clear to the Department of Trade and Industry that the car - codenamed X100 - could just as well be assembled at its plant at Azambula, Portugal, where the authorities were ready to state aid to acquire such a

prestige project.
This time 19.4m was enough to keep the X100 project in the UK. It is likely that much more will be needed when the bidding starts to attract the project for Jaguar's planned smaller sports saloon. The project - codenamed X200 - is fur the development of a new car range for Jaguar, below the XJ6 luxury saloon, which would compete with rivals such as the BMW

This car, planned for production towards the end of the decade, could radically increase Jaguar's production volumes, but it is far from clear that it would be built in the UK.

No final decision has yet been made, but it is expected that the new car would be a derivative from a new range of rear-wheel drive cars planned by Ford for production in North America.

The Jaguar version could be assembled in the UK, but it

choice. Ford has faced a diffi-cult ride with Jaguar in its early years of ownership. It has been in loss for the past five years and is not expected to return to profit until 1995. Its fortunes are improving

after radical restructuring and help from rising demand in the US and the UK, its two main Those fortunes should be further boosted by the launch

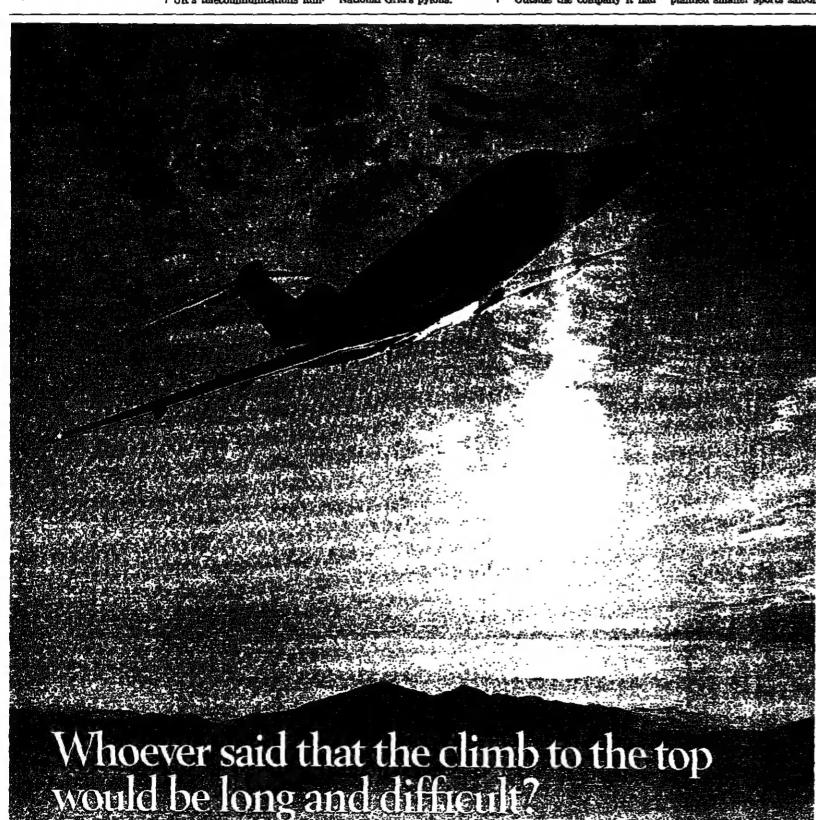
later this year of the substantially revamped version of its XJ6 luxury saloon, the X300. Jaguar cut its operating loss last year to \$371m from a loss of \$412m in 1992 and one of

\$354m in 1991. Last year it increased its retail sales by 22 per cent to 27,000 - including a 47 per cent jump in sales in the may need a large of amount of US to 13,000. Output increased state aid to convince the US by 43 per cent last year to carmaker to make such a around 29,500 from 20,598 in

tion for 11 years.
Following the cut of around 45 per cent in its UK workforce in the two years 1991 and 1992,

its fortunes have improved substantially. Last year its UK workforce was virtually unchanged at around 6,450. In contrast to much of the European car industry it avoided short-time working during 1993 and production is

forecast to rise further this Jaguar expects output to rise by more than 10 per cent in 1994 to 32,000-33,000. Production of the new XJ6 range will begin in the summer - with the body panels sourced from Ford's plant at Halewood - and Jaguar is hoping that output could be running at a rate of around 36,000-37,000 cars a year



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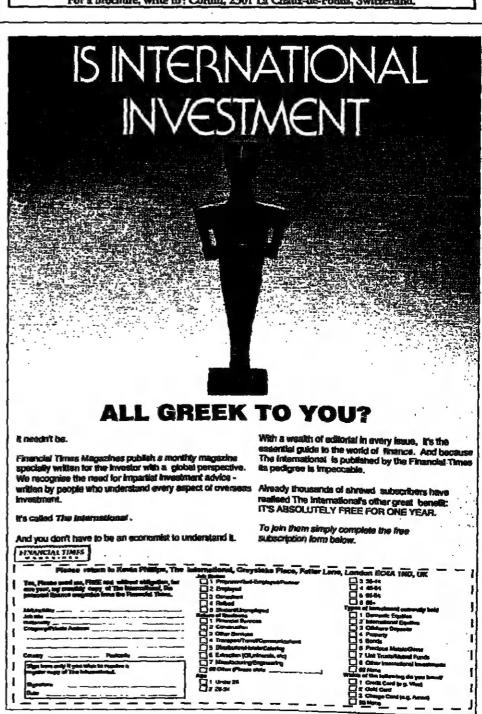
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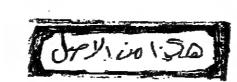
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Peter Hill, head of GUINESS MAHON's treasury division, as chairman at Guinness Mahon

■ Robert King, retiring chief executive of Bespak, at HALE HAMILTON (Valves) and Hale Hamilton Holdings. Philip Cushing, a director of Inchcape, at BUNZL.

Roward Perlin, who has just resigned from Sears, at SIS, where, until Sears sold its stake, he was Sears' representative, and at GREAT PORTLAND ESTATES. John Pattison, a former director of Hanson, at BLENHEIM GROUP.

Spider's route through jungle

James Buxton looks at a device to cut the cost of telecommunications

s companies send larger times of the day, to take advanamounts of data between Amounts of data between countries, the task of finding the cheaper it route becomes more tricky. This month sees the launch of a system that aims to cut corporate telecommunications bills by up to 40 per cent.

Developed by Spider Systems of the UK, it will enable businesses transmitting data electronically to pick their way through Europe's jungle of telecommunications systems and always choose the cheapest method for

Edinburgh-based Systems, a computer networking company whose main competitors are North American rather than European, claims that the Spider-Integrator is the first product of its kind in the world.

The device is an advanced kind of router, a box loaded with circoit boards and software which companies connect to their local area networks of computers and workstations. A router selects the route for communication between two LANs in different places. The SpiderIntegrator offers the extra ability to select the cheapest

Most companies will need to use all the available methods - com-prising leased lines, ISDN (integrated services digital network), packet switching systems and external modems - and grapple with charging structures. These differ across Europe and mean that, for example, leased lines are much more popular in the UK than in continental Europe. In Germany, ISDN is the commonest method while in France packet switching, hitherto popular, is being overtaken by ISDN.

According to Steve Collen, Spider's product line manager, some 85 per cent of the cost of a data communication network over its lifetime is accounted for by charges paid for using it, with the cost of the bardware accounting for only 15 per cent. "Tariff management is about cutting down on the 35 per cent," he says. To do so, SpiderIntegrator

offers three features. First, it can be configured to select different types of circuit for particular tage of different charges and the user's needs.

Second, SpiderIntegrator can respond to demand for transmission capacity or bandwidth by automatically opening up additional circuits and shutting them down when they are no longer-needed. This facility might be needed to augment leased line

capacity at peak times.
Third, it incorporates a feature called triggered RIP (router information protocol). Normally, routers exchange information about the state of the network every 30 seconds or every minute. But these calls are costly. Spiderintegrator incorporates a protocol (a set of rules in software) by which the routers only exchange infor-mation when the information about the network changes, thus saving running costs.

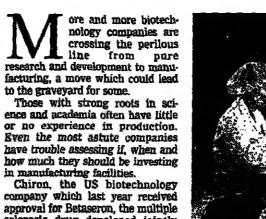
Spider is offering this protocol, which it says is unique, as an international standard to encourage other manufacturers to incorporate it in their products. "Interoperability is in our interests," says Martin Ritchie, Spider's managing director.

Another feature of the SpiderIntegrator is that if it knows that at particular times of day it is cheaper to make a call from one country to another rather than vice versa, it can call another router automatically and ask it to

A network manager will operate the SpiderIntegrator by plug-ging his personal computer into it and making selections from a menu. But it will be up to him to keep abreast of changes in tariffs and services and update the set-

Collen says the SpiderIntegra-tor is flexible enough to accom-medate the many changes likely in European telecommunications over the next few years.

Spider has spent £3m develop-ing the SpiderIntegrator and expects sales of about 28m next year, believing it will appeal both to individual teleworkers and multinationals. The machines will come in two models priced at between £2,100 and £3,000 to distributers.



approval for Betaseron, the multiple scierosis drug developed jointly with Schering of Germany, failed to build sufficient manufacturing facilities to accommodate demand for the drug, and has faced repeated shortages. At the other extreme, hoth Synergen and Centocor invested in manufacturing for drugs which were later rejected by the US Food and Drug Administration.

"It's a fine balancing act you have to pull off," says Amy Factor, vice president of immunomedics, which has started expanding its research laboratory into a manufacturing plant for a still-to-be-approved can-cer imaging product. "You have to walk the tightrope created by the uncertainty of not knowing whether your drug will get approval, what the demand will be if it is, and what your other options are."

Making life more difficult for US biotechnology groups are FDA regulations specifying that the drugs must be manufactured in the same way they were prepared for clinical trials. If the process veers from the original course, approval for the product may be revoked. As a result of this restriction, firms often sink millions of dollars of what they call "risk money" into manufacturing facilities they may never need.

Sometimes the gamble pays off. Amgen, for instance, invested mil-lions of dollars on a plant for Epogen, a red blood cell stimulant, prior to its clearance by the FDA. We'd started investing in the facility even before we had obtained any data from human trials," says Dennis Fenton, senior vice-president in charge of sales. "We were encouraged enough by the early trials to be optimistic."

Adding to the dilemma is the fact that most manufacturing plants can only accommodate specific types of products. Constructing a facility for bacteria-based products, for example, will not help much if a company later discovers a drug based on mammalian cells.

Some companies are seeking to gain flexibility through facilities that can handle more than one type of drug. The California-based giant Amgen is putting millions of dollars into an FDA-approved multi-pur-pose facility. "The FDA doesn't really like multi-purpose facilities,"



No cure

for risk Setting up a manufacturing plant is a particular gamble for drugs

companies, says Victoria Griffith says Fenton, "but we showed them we had trained staff and sophisti-cated equipment so that the chance of any mix-up between the drugs

was small." Other companies are looking to resolve their manufacturing troubles by contracting out their production. This eliminates the need to invest money up front, but raises a number of other risks.

There is a concern about proprietary rights," says Ken Bate, head of sales for Biogen, which uses an unnamed group to put out Hirulog, an anti-coagulant. "If the process is enhanced, who does that part of the patent belong to, the biotech firm or the manufacturer?" Biogen turned Hirulog was a bigger molecule than it usually dealt with and, therefore. could not be produced in the same

facility as its other drugs.

There are other pitfalls involved in contracting out. For one thing, many companies are wary of handing so much information over to potential competitors. The relationship also has to be established early, prior to FDA approval, to ensure that clearance for the drug is not endangered. Another risk is that the manufacturing partner may later decide to stop putting out the drug, leaving the patent holder with no way to get its product to

Despite these concerns, the lure of a contract manufacturer is strong. The British company Celltech says it has been doing such good business on its contract production side that it will soon open a

new US manufacturing facility in New Hampshire.
"We've stayed in this business by

following some strict rules," says Iain Ross, president of Celltech Biolorics. "First, there is no question of a breach of confidentiality with us. We have strict Chinese walls and the research side of our company, which is in competition with our manufacturing customers, does not receive any information on drugs we are making for other groups."

Commitments to manufacture products for outside firms are also taken seriously. "If our research and development side wants us to make a drug for them, they have to abide by the same rules as other groups," says David Jackson, vice president of US operations for Celltech. "That means they have to reserve capacity ahead of time. If there's no capacity available, they

There may be other ways, too, of minimising the risks of contracting out production. "We've made sure our partner has an interest in the drug doing well, and we trust that they will do a good job," explains

For many groups, however, the appeal of building their own facilities is overwhelming. A shiny new manufacturing plant is often seen as a status symbol in the industry, a sign of the company's coming of age. Moreover, a manufacturing plant gives groups full control of quality and output. Besides the risks associated with

FDA approval, companies face hur-dles in building their own facilities. One serious obstacle is the severe shortage of managers and workers with any experience in making bioechnology products.

"Not many companies moving from research into manufacturing have the necessary management skills on hand," says William Young, senior vice president at Genentech, which has invested heavily in manufacturing facilities. "And to hire people with experience can be prohibitively expensive for the smaller firms."

Yet Young concedes that many companies may have no choice. The number of companies capable of producing drugs for others is limited. "Those of us with the facilities, like Genentech, are usually busy making our own products," he

Start-up biotechnology firms, fac-ing cash constraints, limited shift-ties to recruit the best people and uncertainty over drug approval, are particularly vulnerable. Indeed, the move to manufacturing may be one of the most difficult problems the industry faces. "The move to manufacturing is a tremendous challenge that most blotechnology companies haven't even begun to address," says Factor. "For many, this is a make or break decision."

Curb on Czech software copycats

nternational software producers are starting to take action against copycats in eastern Europe. In the first concerted attempt to enforce software copyright legislation in east European courts, the Czech branch of the Business Software Alliance, an international association of software companies, is acting against two local companies. Robert Holleyman, president of the US-based BSA, said in Prague that police from the city's criminal investigation department had raided the offices of Dialog Agro – a computer company with Czech, US and Russian capital - on March 17, seizing "suspected pirate copies" of packages from Microsoft, Lotus, Symantec and two local developers, PJ Soft and Software602, all installed for the firm's own internal use.

Holleyman also said a Czech computer distributor, VT Data suspected of reselling pirated programs – was raided by police in January and that civil and criminal actions had been mitiated. Under the terms of the Czech Republic's criminal code, anyone found pirating software faces a maximum penalty of five years imprisonment or a Kcs2m (£46,000) fine.

The BSA estimates that 86 per cent of computer programs in use in the country are copied illegally, a proportion similar to that of Spain and Italy but lower than in most other east European states, while the legal market employed 15,000 locals and produced revenues of Kcs9m last year.

Lori Forte, BSA's European affairs director, said that, if anything, Poland rather than the Czech Republic had been the "black sheep" in the region with pirated software packages sold openly on market stalls in Warsaw.

A comprehensive copyright law stipulating maximum five-year jail terms for offenders was ratified by the Sejm (Czech perliament) on February 4.

Tom Pullar-Strecker

PEOPLE

Mining team digs in at Hambros

The complete 15-strong mining team at Indosuez Capital Secu-rities (UE) has moved to Hambros Bank where a new subsidiary, Hambros Equities UK, has been set up to house

Among those who have moved is Chris Orchard (far right), now managing director of Hambros Equities UK, Roger Franklin (centre), executive director, dealing, and Graham Roberts (near right) executive director, research.

This trio, and many of the other team members, have been together for eight years during which time the organi-sation they worked for had several name changes. They started out with stockbroker

Non-executive

Lord Rees-Mogg, editor of The Times between 1967 and 1981, is to become non-executive chairman of International

Business Communications, the newsletter publishing, conference and electronic data ser-

vices group.

Lord Rees-Mogg, who also sits on the board of GEC and

runs his own newsletter (Strategic Investment), joined IBC's

board a year ago and will assume his new role following

the group's annual meeting

next month. Peter Rigby, IBC's

chief executive, has been act-

ing chairman since the death

of Sir Roy Watts, the former

chairman of Thames Water, a

directors

Galloway & Pearson, which became WICO Galloway and then, after being sold to Banque Indosuez, W.L. Carr (UK). A merger turned that into Carr Kitcat & Aitken and, fairly recently, after a reshuffle at Indosuez, the team found itself working for Indosuez

Graham Roberts acknowledges that mining teams do not sit comfortably in any company in London where there has been a decreasing amount of interest in the sector - so much so that one gold miner, Monarch Resources, recently decided to move to the Toronto stock exchange instead. Never-theless, Hambros is providing a home "which will be cultur-

Anthony Loehnis, a former

head of the Bank of England's

overseas division, has been

appointed an adviser to the

Bank of Tokyo Group in Lon-

don and to the board of Eank of Tokyo International.

Lochnis, 58, is well con-nected in the City. An ex-diplo-

mat, he's the son of the late Sir Clive Lochnis, a former

director of the Government

Communications Readquar-

ters, and is related to Lord

Remnant, a well known city

figure. Locknis joined J. Benry

Schroder Wagg in 1966, and in

1977 was seconded to the Bank

of England during the gover-

norship of Gordon Richardson,

a former chairman of Schro-

ders. In 1981 he was appointed

He left the Bank in 1989 and

became a vice-chairman of

S.G. Warburg where he

remained for three years. He is

currently a director of St

James Place Capital. He fills a

gap at the Bank of Tokyo

which has been vacant for a year since the death of Nigel

Robson who had been the Jap-

anese bank's London adviser

since 1984.

an executive director.



ally a place where we can take Hambros already owns Hambros Equities Australia, set up as a joint venture with Strauss Turnbull in 1986 and becoming HEA in 1990, which specialises in Australian min-ing and oil, banking, transport, media and technology companies. Ross McFadyen, managing director of the Australian offshoot, is chairman of Hambros Equities UK. Roberts says the combined Australian

and UK businesses will offer a worldwide service, not just in international mining shares but also financial instruments in the South African and Australian markets.

Other members of the Indosuez team who have already moved include, on the research side, John Barker and Chris Mike Long, Robert Lee, and David Starling, while the deal-ers are Mark Heed, Mark Cibbons and Tony Phillips.

Grosso leaves Cookson

Roberto Grosso is stepping down as an executive director of Cookson Group, the special-ist industrial materials group, and chief executive of the ceramics division.

Cookson said in a statement that Grosso "has decided to leave the group in order to pursue other interests", and will do so after the annual meeting next month.

Last month Cookson and Johnson Matthey, the precious metals group, announced that they were planning to link some of their ceramic interests in a joint venture to be known as Cookson Matthey Ceramics. Cookson's ceramic supplies and minerals division, part of its ceramics operations, will be folded into the joint venture. Meanwhile, Stephen Howard,

currently chief executive in charge of Cookson's group corporate development and chief executive of the engineered products division, will also become president and chief executive of Cookson's Brussels-based Vesuvius advanced refactories group. Gian-Carlo Cozzani, currently vice president of marketing and sales at Vesuvius, will become Vesuvius' chief operating officer.

Jonathan Strong, a former director of Speyhawk who has been running his own company, has been appointed md of Lynton, the property

 Edward Sahisky, formerly assistant treasurer at General Motors in the US, has been appointed director, finance and administration, and Jim Raymond, formerly director of warehouse operations at General Motors of Canada, has been appointed director, aftersales, at VAUXHALL MOTORS.

Andrew Osmond, md European sales at GE Lighting Europe, has been appointed coo of The MELVILLE GROUP. ■ David Burns, formerly head of legal services, has been appointed group company secretary at AIRTOURS. Fred Watt has been

appointed finance director of WASSALL; he succeeds David Roper who, with David Turner, have been made deputy chief ■ Alison Canning, formerly md of Cohn and Wolf UK, has

been appointed md and chief executive of BURSON-MARSTELLER UK; she succeeds Martin Langford who becomes vice-chairman of B-M Asia. Mick McDonough, formerly

vice-president sales in the US, has been appointed md of REMY & Associates (UK). Joe Bisland and Richard Vaal have been appointed to the board of Abbott's Packaging, part of MACFARLANE GROUP

(CLANSMAN). David Holloway, formerly finance director of Harrison Industries, has been appointed European finance director of Tremco, part of B.F.

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Max on the move

epsi-Cola International is to market its new diet cola drink, Pepsi Max, in more than 20 countries by the end of the year, following successful trials in selected

The company forecasts that the new drink will achieve retail sales of \$250m (£171m) in 1994. Trials in the UK, the Netherlands, Ireland and Australia resulted in the brand gaining an average 3 per cent share of each country's cola market within five months.

The drink is aimed particularly at the young male market – a group which has been traditionally resistant to such diet products. While Pepsi Max is sugar-free, it does not advertise itself as a diet drink but emphasises a sporting imag and "maximum" taste

The drink contains a new blend of sweeteners intended to overcome consumer objections to the after-taste associated with diet drinks, and perceptions that the flavour of low-calorie drinks are weaker" than regular versions

Coca-Cola outsells Pepsi worldwide by about three to one, and the gap is wider when it comes to diet versions of the cola drinks. Pepsi said the new drink had "added significant net volume and share to the company's business" and that tests in the UK suggested the product was attracting previously loyal Coke drinkers.

There are no immediate plans for the drink to go on sale in the US - one of the sweeteners used in the product, acesulfame-K, has yet to be approved there. In addition, Pepsi says it does not want to eat into its US sales of Diet Pepsi, While diet drinks make up more than a quarter of all soft drink sales in the US, the figure is only about 4 per cent elsewhere.

Pepsi plans to launch the drink in 10 new markets by the end of next month, including Spain, Sweden, Japan and Thailand.

Diane Summers

ith the opening game of the 1994 World Cup football finals less than three months away, the tournament's main cornorate sponsors are spending millions of dollars trying to make the most of their association with it. Yet involvement is something of a

double-edged sword for the bigg US companies sponsoring the month-long sporting spectacular: car maker General Motors; Mars, the confectionery group; fast food chain McDonald's; Gillette, the consumer products group, and the soft drinks group Coca-Cola.

Sponsors can gain valuable international exposure by marketing their products in countries where people are passionately interested in football, and where the World Cup is widely regarded as the big-gest event on the sporting calendar.

In the US, however, being a main sponsor of the tournament is considerably less rewarding. Football, or "soccer" as the Americans call it, is very much a minority sport and the World Cup holds little significance for most of the country. A survey conducted at the end of last year by a London research company found that only 35 per cent of Americans even knew that the World Cup was being held in the US this summer. That compares with 99 per cent awareness in Brazil and 83 per cent in Germany.

With an apparently unreceptive domestic audience, it makes sense for US sponsors to focus most of their advertising and marketing dollars on foreign markets. Having spent a reported \$20m (£13.60m) on sponsorship rights, they are determined to get their money's worth. Coca-Cola, a World Cup sponsor

since 1978, has developed a variety of marketing events and products for consumers overseas. Gary Hite, the company's vice-president in charge of international sports marketing, says: "The fact of the site of the event is not a core reason why we're involved . . . We bought into it because it is such a magnificent global event. We'd be involved in it

if it wasn't being held in the US." Gillette, the US company with the ongest history of backing the World Cup, also believes the great-est value of the company's sponsorship is in football's worldwide popularity. "No other sporting event can match the World Cup in terms of marketing power," said Alfred Zeien, Gillette's chairman, at December's World Cup draw in Las

Among Gillette's marketing initiatives, the emphasis is on gaining exposure for its products in overseas markets. "Soccar is the universal language. If you set out to match a global brand with a global sport, there is no better choice," says Gillette.



Sponsors target global goals

Patrick Harverson on how US companies are making the most of their association with the 1994 World Cup

Other US sponsors view the World Cup from the same perspec-tive. Maya Heffler, vice-president of promotions at the credit card company Mastercard, which expects to have spent at least \$75m on spon-sorship and advertising by the time the tournament is over, says: "We have targeted the World Cup as a platform to help us build brand awareness internationally." All of the main sponsors are

employing similar tactics to exploit their relationship with the World Cup. Commemorative products abound (special Coke cans, a limited edition Gillette Sensor razor), as do competitions offering cash prizes or trips to World Cup games. Television, however, is at the heart of most marketing initiatives: by the end of the World Cup, a cumulative audience of between 25bn and 30bn is expected to have watched the tournament. McDonald's has chosen to broadcast its first global television commercial for the World Cup, a single 30-sec-ond spot which will air on six continents, starting next week. Mastercard is also running a global television commercial, featuring the

Brazilian footballer Pele.

Other companies will be sponsoring special programmes or televi-sion series for broadcast around the world. Gillette is backing a 13-part series on the World Cup that will be seen in more than 50 countries. Coca-Cola is launching a "Coca-Cola World Cup '94 Radio Network". which will broadcast reports and features on the tournament to for-

eign countries. Sponsors are keen to utilise the large advertising boards - rarely seen in US sports - which surround the football pitch. GM plans to match them to television viewers in each country. Thus, when a team from Europe or South East Asia is playing, it will use the boards to display the logo of Opel, the company's chief brand in those two

Similarly, the name of Chevrolet, the brand which GM sells in Latin America, will be on display for games involving countries such as Brazil and Mexico. Jim Latham, GM's project manager for World Cup '94, says this "tele-targeting" aiming different boards at different audiences - is many times more effective in reaching viewers in Europe than in the US. "Advertising on soccer pitches is very well-known and means something in non-US markets," he says.

While aiming to make a big impression overseas with their World Cup marketing, US sponsors have not taken their eye off the ball at home, even if many Americans are more likely to be watching baseball during June and July.

In the US, sponsors are focusing their marketing in niche markets, such as the nine cities hosting the games, and among immigrant communities where football's popularity is strong. The Spanish-speaking market is attracting the most attention - Coca-Cola and McDonald's, for example, have organised "La Copa Coca Cola", a regional amateur football tournament

The sponsors are also hoping that Americans will pay attention to the World Cup once they realise how important it is to the rest of the world. Hite says: "Americans love big events. Once people realise what a huge event it is, they're going to say: I want to be a part of that'."

Ultimately, the extent of interest in the US will depend greatly on how well the US national team does in the tournament

Budget rises are likely despite last year's fall, says Diane Summers

Forecasts lift spending gloom

A dvertising expenditure in Buropean Union countries fell by about 1 per cent in real terms in 1993 - the first time a fall has been recorded in recent years, according to provisional figures from the UK's Advertising Association and the European

Advertising Tripartite*. However, the outlook for 1994, within the EU and for a number of other countries monitored by the organisations, looks promising, with a return to real, although modest, growth of about

I per cent for this year. Finland, Spain and Sweden's markets suffered most last year: economic difficulties had a direct impact on advertising budgets and cutbacks in spending of more than 4 per cent were recorded. Beigium, Denmark, France, Germany and Japan's advertising spend also fell.

Modest increases in overall spending were seen in the US. UK, Ireland, Italy, the Netherlands, Norway and Switzerland, while exceptional growth was recorded in Greece (12.8 per cent) and Portugal (8 per cent). According to the Advertising Association and the European Advertising Tripartite the growth of advertising expenditure in these countries has been dramatic, despite the on, because of an increase in the availability of media vehicles, greater media .

performance of the broadcast

And band soap

media, especially television". Indeed, in all countries monitored, apart from Austria and Belgium, the growth in spending on television advertising outstripped print. Television overtook newspapers to become the single biggest display medium in the EU in 1993; by last year it became the biggest display medium in the whole of Europe. Double-digit growth rates for TV were seen in Greece, Portugal, Norway and Sweden.

This trend looks set to continue: further European deregulation could eventually lead to an aimost doubling of the current annual Ecu 15bn (£11.8bn) spending on TV advertising.

The outlook for 1994 is encouraging, say the two bodies. On the back of the apparent return of confidence and positive economic indicators they are forecasting real growth in advertising expenditure almost everywhere. "The exceptions are likely to be Finland, the Netherlands, Spain and Japen. However, the real falls in advertising expenditure in these countries are, in the main, likely to be marginal."

*European Advertising and Media Forecast Subscription inquiries to NTC Publications. Tel 0491

Advertising expenditure in the EU ECU billion (1985 prices) ---

Annual figures 1993

With a 10.9% increase in net profit to NLG 2,029 million and strong growth in shareholders' equity, 1993 was a good year for ING Group.

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The figures for 1992 have been restated on the basis of the new accounting rules to facilitate com-

Amounts in Dutch guilders	. 1993	1992	% Change
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Results before tax Net profit	2,821 2.029	2,386 1,829	+ 18.2 + 10.9
(in guilders)	2,027	1,027	+10.9
Net profit per share Dividend per share	8.01 3.50	7.50 3.19	+ 6.8 + 9.7
(in billions)	3.30	3.29	7 9.7
Total assets	339.4	322.9	+ 5.1
Investments	. 132.1	127.7	+ 3.4
Bank lending	144.9	138.1	+ 4.9
Group capital base	22.6	16.7	+ 35.2



NG GROUP

The annual report will appear on April 18th, 1994 and can be obtained at the following address:
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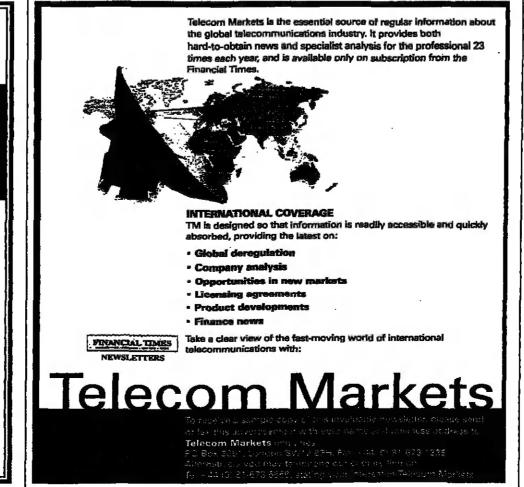
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Enables you to select the most suitable legal structure for an enterprise

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as well as legal, financial, accounting and other advisors. The Guide to Registering Companies in Moscow is available exclusively from Financial Izvestia -

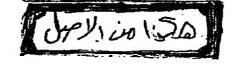
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it Euro-12" + Hura

BARCELONA

Paleu de la Musica Tomorrow, Sat, Sun morning: Enrique Batiz conducts Barcelona City Orchestra In works by Halifter, Nielsen and Rimsky-Korsakov, with clarinet

Teatro Communale Yevgeny Kissin production of I Lombardi opens on April 15, with a cast headed by Ruggero Raimondi and Norma

LONDON

THEATRE Hated Nightfall: Howard Barker directs his new play about the last hours in the lives of the Russian imperial family, Ian McDiarmid plays Dancer, the man instructed to put an end to the Tsars. Now previewing, opens on Mon (Royal

 Johnny on a Spot Richard Eyre directs a new production of Charles

And the

Cinema/Nigel Andrews

band plays soap opera

A worthy film about Aids too closely resembles an old Hollywood biopic

closing caption in And The Band Played On, based on Randy Shilts's bestselling book about the discovery Aids, reveals IIII III before President Ronald Reagan deigned to walk his first speech on

Hollywood has some nerve. It has taken 15 years, and a spectacularly higher death toll, for mainstream American cinema itself to broach the topic in earnest. Philadelphia us through Daw time. I'm two more films, Band and Richard Glatzer's Grief, arrive to show that the conce dared not speak its name - indeed could not settle on a name for eral years (it was originally, we are told, called GRID) - is now develop-ing a startling taste for the soapbox. And The Band Played On is mas-sively worthy: hours of all-star inspirationalism and medical-histor-

ical legwork. We meet the brave



a bald description fails to do justice

to the affection that has gone in to

their portrayals of composite prime donne: a boulfant hairstyle here, a

shy protestation of unworthiness.

there. Detailed knowledge, too - the

cooing piantssimo whitening into the curiew mew of Madame X, the gallantly heaved-out top register of

Dame Y. The effect is less brash,

even less outrageously camp, than

might be expected. These men obvi-

ously love their opera. It's no sur-

prise that their fans include Leon-

Above all, they love their dive.

The pervasive image is that of the Sutherland, Tebaldi and

Bumbry were at imperious

height, high-piled coiffeurs as much

part of the uniform as the codified

hierarchic display of mandarin's

robes. It Ira Siff, the company's

founder and chief writer, has kept-up with the times. One of the high-

lights of the new programme is a

tribute to such exponents of the

school of opera production as "Peter

Sellout" (no for who): the Der

Rosenkavahier set in a New Jersey

shopping mall, replete with surtitles

post-modern

tyne Price and Joan Sutherland.

La Gran Scena

pays tribute

know who they are I.a. Gran Marsh-Lynn (a sleek matron return-Scena is a group of American Ing from a bar-mitrosh). Octavian males speciality is pres-cuting opers snippets in drag. Such Love Older Women" Tehiri: Philip

n case anyone still does not for those who loathe them, sung by

AND THE BAND Roger Spottiswoode

GRIEF Richard Glatzer

THE DIARY OF LADY M (18) Alain Tanner

> REDHEADS (15) Danny Vendramini

band of researchers at the Atlanta Center for Disease Control, led by Matthew Modine as the real-life Dr Don Francis.

we watch the trans-Atlantic war between and France's (Alan and France's Baye, Bauchau), both claiming first-discovery honours wer the virus. And we goggle at the proces-sion of guest stars, from Hollywood natives such as Steve Martin, Richard Gere and Anjelica Huston to our own Ian McKellen (American-secented) and Phil Collins (indefination) ably accented as a louche bathhouse owner).

Finally, of course, we applaud the capacity of the Human Spirit to overcome anything put in its path, including films such as this. It is wicked to mock an affliction, but in the demonological landscape of Aids a movie like And The Bond

Roch, impeccably in character as

woman playing a man) and a blonds hop-head Sophis.

from pantomime-dame clumping via

hoary Coarse Acting jokes to the wickedly observant. Keith Jurosko's

105-year-old prime donna quavering through Home Sweet Home evokes

those crackly old dinner-plate 78s

and is oddly touching.
Johnny Maldonado's mezzo is

is not true that Covent Garden has

cast him as Ammeris in their forth-

coming Aida. The company also

includes Mirella Frenzi, the tenor

Mario Costa-Plenti and such distin-

guished understudies as Anna

Turnover-Somehow, Batiesn Cattle

and Mo Guiseppe Monopoli. And Ira

Siff, the company's only begetter, triumphs in the last act of La Tra-

viata, which sums up the show's

ambiguities under its layers of arti-

fice on artificiality: part parody,

part homage, part shadow of mor-tality falling across brittle, painted

Bloomsbury Theatre until April 13.

Martin Hoyle

The programme's humour veers



tion. Devoid of a single moment of pain or complex emotional revela-tion - let alone of real rather than sentimentalised "struggle" - 🐘 film plays like one of those old Hollywood medical biopics, only without the flair. Having despaired of reality, we end up wishing the film would go the whole romantic hog and bring on Greer Garson, brandishing her smile, her bunsen burner and her ever-attentive Walter Pidgeon

If And The Band Played On is Curie with the glums, Richard Galacter Grief Is a guy Soupdish - and surprisingly enjoy-able for it. This movie of confused sexuality is set in the mad mad world of American daytime televi-sion. Mark (Craig Chester), who has lost his lover Kenny to Aids, falls

for Bill (Alexis Arquette), mid having affair Wil Jeremy (Carl-mi Wilborn), all under the probutch boss Jo, played by drag performer Links Beat. And that is just leading the surper of The Love Judge, which they working.

Soap being form of instability, production instability, the perfect world for pixillated feelings. Glatzer, a first-time filmmaker, seem quite sure spoofing soap emotionalism or sub-scribing to it. But that is part of Grief's whaten. The straight faces with which the mine militer has one miss after and a ensure that an and gravity matable such sly comedy: a combination new

A terrible bilarity the show Alain Tanner's The Diary Of Lady M. To my left, The Independent and The Sunday Telegraph, knee-deep in chortles; in my right, The Times, agog with satiric disbelief. It is hard to believe the dialogue in this film about a nightcfuh singer's AC/DC affairs with a Barcelona painter and his North African wife. And then

we must grapple with the images. The Swiss director who once commanded respect with The Salaman-der and Jonas now appears to be joined at the hip, or at some other body part, with writer-actress Myriam Mezieres, who plays the heroine. Their collaboration, A Heart, was bad enough: the earnestly wanton tale of a circus lady's amours prodigales. But here we see from one voice-over enormity | | | - "I plain with almond while the pictures try vainly to

keep up the logornoea.

The Diary Of Lody
Moreover film of the logornoea. Danny Vendramini Um to the Brishomes, his of two carrie-bashes words a criminal (Claudia Karvan) a la la (Catherine McClements), win discover a strange in the control of sion in their breathless delivery of B-movie dialogue and their tendency to wave their arms about in front of a wobbly camera.

Occasionally someone screams, rages or loses consciousness - or was that just in the mudience?

Theatre/Andrew St George

Lorca's life

Arts Festival continues in London, the Lilian Baylis Theatre is staging a life of the poet and dramatist Federico himself. He was passionately in love Garcia Lorca (1898-1936). This one-man show is written and performed by Trader Faulkner; its closeness to Lorca's life alone makes exhibirating theetre: but its greatest strength is the fine Fla-Lorca lived life on his emotions.

His poems and plays, particularly the 1930s' Earth Trilogy of Bodas de sangre, Yerma and La casa de Barnada Alba are rooted in the Andalusian earth. Few graduates in Maritime Law - Lorca's degree at Granada University - can have been so attached to dry land. Lorca duly svokes the bright streets and the dark interiors of Granada, the passion of Flamenco and the sadness of Cante Hondo, the Deep Song of the Andalusian gypsies. This play makes Lorca's plays more under standable, his poems And, through Lorca's poems, it looks west towards new writing in

Lorca moves at an uneven pace; there is no plot and little sequence. It tracks Lorca's sad, passionate life from leaving Granada in 1919 for Madrid, his studies and friendships there with Luis Bunuel, Salvador Dali and Manuel de Falla, his travels to New York and South America, and his return to Granada

where he was shot by the Fascists on August 19, 1936. Everywhere he went he lived the painful life of a man on verge of remventing with Dali. As a homosexual, he was often abused as "markon" or "perro" (dog), a nasty joke which inspired Bunuel's Chien Andalou.

The play delivers all this, and sets Lorca's poems to music and dance, flickering in and out of Spanish and English. Rach scene is punctuated by the Flamenco dance and music which give In play in visceral quality. The language - both Span-ish and English - is sensual and visual, using Lorca's own There is a wonderful bullfight based on the death of Lorca's friend Isnacio Sanchez Mejias the matador - A la There sexually evocative love stark pictures of rural Andalusta, and a loose-limbed South American the stand rhythms of World.

The piece is superbly and time. Freder Finalities as Lores. me the sealed Tito Hardin (gultar), Liana Vargas (dance) and III Elena Carala (songs) produce an ty. Faulkner himself manages the bilingual feat of memory, the intricacies of Flamenco steps, and maintains the intensity of Lorca's life.

Lilian Baylis Theatre (071 174 1911) until April 🔤

Clean Break's Red

nna Reynolds, the writer in residence III the Clean II Theatre Company, has developed an unmis takeable style.

Clean Break means what its name suggests, plus a lacing of feminism: it is company for women ex-prisoners and ex-offenders wishing W break with the past.

Ms Reynolds was once a prisoner. Her writing them heavily on her experience 🝱 suggests that 🝱 sees theatre as a kind of therapy for those who are locked up, though I suspect that one can will be well as she does without considerable background reading. In case, her works are already appealing to a willer audience, and deservedly 🚛

Her early piece, first performed Thea tre The revival production still just about be caught (that is, until April 🔟 🔳 📭 Battersea Arts.

story alest a woman, Shirley Jones, was was killing her baby son and then committed was on day at her release from prison, it a monologue full of incident As in the original, II Is superbly by Wiln Buffini, Ind name thor, as Shirley.

We Reynolds's We Things enthusiastically reviewed by my colleague, Alemir Macaulay, when it had its premiere in Salisbury last November. It is touring. The new work is Ind at the New

End Theatre in Hampstead. The bestim is that the stiffer has already at such high standards Red is not quite as good as Jordan. There is the slight feeling of having been their lettre

In Red there are two characters, both of them women in remand cell beneath a Crown court and both of them charged with a murder of a kind. This may seem an advance on Jordan in that there is an opportunity for dialogue as will us narrolly. There am certainly

In the women, Gerda, la white English middle middle She in directly murdered her husband, has made exactly discouraged her rough young from

If you note a borrowing from Hes-Blue Sea, you will me be Gerda prefers sex to respectability. She is immaculately played by Carrie Thomas, who keeps her make-up in place to the last.

Gerda is also socially adept. Kay, black. When Gerds asks her where she comes from there is only momentary surprise when the enswer is Essex, not somewhere in the Caribbean. Garda takes it in her

Kay, played very strongly by Leonora Rogers-Wright, is more skilled in the ways of dealing with judges and juries. She has picked up some of the lines from Shirley Jones in Jordan: when to smile at the bench, when to cry and when not and when to try to tall the truth.

The women talk to each other, or at each other, a lot. They recognise that they are more or less in the same boat: social and ethnic differences are irrelevant.

But there is no great dialogue, and in the end I concluded that there was more variety in the monologue of Shirley Jones. Still, Ms Reynolds can certainly write. Red, like Jordan, is directed by Fiona Buffini, sister of Moira.

Malcolm Rutherford

Continuing at the New End, Hampstead, until April 24. (071) 794 0022.

INTERNATIONAL

soloist Larry Passin (268 1000)

■ BOLOGNA

gives a piano recital on Mon. A new Fantini (051-529999)

Court 071-730 1745)

MacArthur's 1942 play - part political satire, part wise-cracking American comedy. In repertory at the Olivier with Alan Bennett's stage adaptation of The Wind in the Willows (National 071-928 2252)

 The Merchant of Venice: David Calder and Penny Downle take the leading roles in David Thacker's acclaimed Stratford production of Shakespeare's great play of love and money, prejudice and justice. Opens tomorrow (Barbican 071-638

 Ghosts: Jane Lapotaire plays Mrs Alving in Katie Mitchell's RSC production of ibsen's most controversial play (The Pit 071-638

 Rope: Keith Baxter's acclaimed Chichester Festival production of Patrick Hamilton's tale of malice bred from boredom, with Anthony Head as Rupert Cadell. Now previewing, opens on Mon (Wyndham 071-867 1116) A Month in the Country: Helen Mirron and John Hurt star in Turgeners languid portrait of romantic evasions in a world of flux

(Albery 071-867 1115) Beautiful Thing: a Bush Theatre production finally reaches a bigger audience with this Jonathan Harvey play about two teenagers growing up on a London housing estate (Donmar Warehouse 071-867 1150) Travesties: Antony Sher heads

the cast in this West End transfer of the RSC production of Tom Stoppard's 1974 play, directed by Adrian Noble (Savoy 071-836 8888) Dishonourable Ladies: Honor Blackman, the ex-English rose who developed a wicked twinkle, presents her new one-woman show exploring the historical role of the

femme fatale (Criterion 071-839 OPERA/DANCE

Ira Siff as Madame Vera Galupe-Borszkh

Covent Garden The final two performances of Birmingham Royal Bailet's London season are a mixed bill tonight and tomorrow, with choreographies by Balanchine, MacMillan and Agnes de Mille. The Royal Opera has Un ballo in maschera on Mon and Wed with Francisco Aralza, Nina Rautio and Giorgio Zancanaro, followed next Thurs by a revival of Harrison Birtwistle's Gawain, staged by Di Trevis and conducted by Elgar Howarth, with a cast led by John Tomlinson and François Le Roux (071-240 1066) Coliseum ENO has ■ new production of Yevgeny Onegin, staged by Julia Hollander and conducted by Alexander Polianichko, with a cast headed by Peter Coleman-Wright and Cathryn Pope, Philip Frame

staging of Bizet's Pearl Fishers.

The world premiere of Judith Weir's

new opera is on April 20 (071-836

3161 CONCERTS South Bank Centre Tonight, tomorrow: Klaus Tennstedt conducts LPO in works by Barber, Strauss Tchaikovsky, with soprano Felicity Lott. Tonight (Purcell Room): Joanna MacGregor piano recital. Sat: Leonard Slation conducts Philharmonia Orchestra in Gershwin. Glass and ives, with violin soloist Gidon Kremer, Sun afternoon: Rafael Orozco piano recital. Sun evening: Medici String Quartet with planist Nikolai Demidenko. Mon: Slatkin conducts Philharmonia in Ellington. Bernstein, Gershwin and Copland,

with piano soloist Joanna McGregor.

Tues: Alfred Brendel piano Tues (QEH): East Anglia-based Britten Orchestra gives its London debut with works by Philip Cashian, Haydn, Britten and Cooland, Wed: Howard Shelley is piano soloist and conductor with London Mozart Players (071-928 8800)

Barbican Tonight Andrew Litton Symphony Orchestra in works by Berns Rakhmaninov and Shostakovich, with piano soloist Yefim Bronfman. final of BBC Young Musician of the year. Sun afternoon: Verdi's Requiem with Royal Choral Society, Sun evening: Dave Brubeck. Mon: final concert of London International String Quartet Competition (071-638 8891)

■ MADRID

Auditorio Nacional de Musica Tomorrow, Sat, Sun: Aldo Ceccato conducts Spanish National Orchestra in works by Tchaikovsky and Stravinsky, with plano soloist Elisabeth Leonskaya. Tues: Victor Martin violin recital (01-337 0100) Teatro Lirico La Zarzuela Tues: world premiere of El Cristal de Agua. Fria, music by Marisa Manchado, libretto by Rosa Montero. Repeated April 15, 17, 19 and 21 (01-429 8225)

MILAN

Teatro alla Scala This month's repertory consists of Don Pasquale and Kenneth MacMillan's balls Manon. The Donizetti runs till April 22 with casts including Bruno de Simone, Nuccia Focile, Eva Mei, Lucio Gallo and Ferruccio Furlanetto, The MacMillian ballet,

with Massenet's music conducted by Patrick Fournillier, opens on April 18 with a cast led by Alessandra Ferri and Julio Bocca, Andrea Lucchesini gives a plano recital on Mon (02-7200 3744)

NAPLES Teatro San Sat, next Tues,

Thurs and Sun: Reynald Giovaninetti conducts Beope de Tomasi's production of La Favorita, with Luciana D'intino, Giuseppe Sabbatini and [(081-797 []] PALERMO

Capuleti Montecchi runs tili April 27, with including Mariella Devia and Gioria Scalchi. There Is also a final performance on Sat of three one-act operas by Luciano Chailly (091-6053 315)

Politeama Garibaldi Bellini's

■ PRAGUE CONCERTS

Dvorak Hafl Tonight, tomorrow: Gerd Albrecht carried Czech Philharmonic Orchestra in symphonies by Mozart and Bruckner, Tues: Alena Cechova violin recital (02-2489 3352) Smetana Half Next 📭 🚾 Wed: James Judd conducts Prague Symphony Orchestra in works by Britten, Haydn and Brahms (02-231 9164)

This month's repertory at the National Theatre includes Dvorak's Rusalka, The Jacobin and The Devil and Kate, Smetana's The Secret and The Bartered Bride, and Verdi's Don Carlos and La del del

(02-2491 3437). Estates Theatre has staged performances of Mozart operas on April 15, 19, and 29 (02-2421 5001)

Prague State Opera has Un allo in maschera tonight and next Tues, il trovatore tomorrow, La traviata on Sat. Cosi fan tutte Sun afternoon and Tosca next Wed (02-2421 5031)

For information, contact Bohemia Ticket international at Ne Prikope 16 in the city centre Salvatorska 6, 110000 Prague 1 (tel 02-2422 7832 fax 02-2481 0368)

Anna Caterina Antonacci song

ROME Oratorio del Gonfalone Tonight:

recital (06-687 5952) Teatro Valle Tomorrow: Berlin Philharmonic Sextet. Sat: Yevgeny Svetlanov conducts Russian State Symphony Orchestra. Sun morning: Strumentisti dell'Accademia di Santa Cecilia. Sun evening, Mon and Tues: Daniele Gatti conducts Orchestra dell'Accademia di Santa Cecilia in works by Mozart and Mahler (06-678 0742/06-6880 3794) Universita La Sapienza Sat: Ysaye Quartet plays music by Haydn, Debussy and Dusapin. Tues: Piotr plano recital (06-361 0051)

■ TURIN

Teatro Regio Tonight, Sat and Sun afternoons: Donato Renzetti conducts final performances of Giorgio Gallione's production of La rondine, with casts including Nelly Miriciolu and Jean-Luc Viala (011-881 5214)

ARTS GUIDE Monday: Berlin, New York and

Tuesday: Austria, Belglum, cago, Washington. Wednesday: France, many, Thursday: Italy, Spain, London, Prague. Priday: Eulide.

European Cable and Satellite Business TV (Central European Time) MONDAY TO FRIDAY NBC/Super Channel: FT Business Today 1330; FT Business Tonight 1730, 2230

MONDAY NBC/Super FT

TUEŞDAY Euronews: FT Reports 0745, 1315, 1545, 1815, 2345

NBC/Super Channel: FT Recorts 1230

NBC/Super Channel: FT Reports 1230 Sky News: FT Reports 0230,

SUNDAY NBC/Super Channel: FT Reports 2230 Sky News: FT Reports 0430,

What country like a giant MINESON with I tiny brain? That simile

Was once used by historian George Kennan to taunt US for its inability in the internationally before

the world war.

Today it applies Japan, according to Mr Ichiro Ozawa, the Tokyo government's back room strategist. Mr Ozawa's book shows Japan a passive economic little imagination limit failure to adapt will turn it into a It is no surprise that Mr

Ozawa, 🖿 prime mover behind Japan's recent radical political changes, further reform the political system the first condition for awakening II tiny brain. Washington's trade hawks,

who have **man** reading this book closely, will and a different conclusion. For who believe Japan's political reforms are incomplete and unconvincing, this book be taken evidence that foreign still needed to help Japan change to inward-looking ways,

Yet foreign pressure argument, Mr Ozawa, is ngerous for both - To le durable, change must come from within.

before Japan and find a form 🕷 life, it must find identity. This, Mr Ozawa believes, is buried in a min sprawl in which every big city, playground and park same. Moreover, it la by a continue education system, will be denied expression by a will of regula-

Japan's identity problem results, ironically, from the fact that | | descendant of the US dinosaur. It economic power in having post-war security and anteed by Washington, rather own workers' diligence, argues Mr Ozawa.

But the end of the cold war undermined "the very foundstion" of Japan's prosperity by removing its value in its ill as against communism in Asia, Tii compensate, Japan must an "international nation", taking a full

Then it common to

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cogeneration power plant in

only 29 months. Today, we're

still moving full speed ahead

Enron has just completed

its second "fast-track" power

project in the Philippines. In

only 11 months um construct-

ed and brought on line a 116

megawatt plant in Subic Bay.

We rem operate and maintain

three facilities there, selling

the power generated **III** the

Philippines National Power

Authority. For developing

countries such as the

by fulfilling yet another,

different energy need --

"fast-track" power.

world's largest gas-fired

developing, con-

structing and operat-

NIHON KAIZO NO (Blueprint for Building ■ New Japan)

Publishing Y2,900 (or \$19.95 Japan) in English from April 17; or T Japanese, 93

part in world diplomacy, including United Nations' peacekeeping.
That bit Mr man argu-

ment is allowed fare from increasingly powerful internationalist camp in Japanese pol ities, to im found on the rightwing of the coalition government. He ili air the alternative view - a low-profile Japan return i traditional values That can be found in another newly published book, A Nation (in Japaonly) by Mr Masayoshi Takemura, cabinet tary. These two books explain of Japan at the the power struggle in

the seven-party coalition.
Mr Ozawa's it power struggle in higher than pay foreigners imagine. Japan's future and chances of becoming menormal' mem hang on m ability n play more active part in world.

Japan should learn cessful merchant == U of history. 🕮 as the city 📖 El Carthage and In Republic. They achieved long-term prosperity - Ly years in Venice's - by becoming much will than merchants, he recalls.

in different Carthage and Venice ploughed ensuring peace and Irm in their main Japan we only just begun we suggest Japan develop equivalent of Venetian I or ■ Carthagishould and human and of assuring and free trade and just as important, of inter-

mittanii respect in itself. To play a more active all in affairs, Japan 🖘 🛋 get to work an internal instituliming reform, starting with political system. Mr Ozawa practical suggestions

Philippines, Guatemala and

India, Enron International's

ability in respond quickly to

alleviate brownouts, blackouts

and slowed economic growth

nations, we're able III step in

and provide immediate power

solutions in more and imim

utilities become privatized.

power solutions, Enron is

In addition to "fast-track"

known the world mem for un

unequalled technical expertise

and uncompromising dedica-

critical power needs helps

due to inadequate energy

For yet other

the authority of prime minister in in in order iii clarify are made in improve policy in cabinet all parliament

He a UK-style in which the land of government, could Japan's problem 🗗 📰 of authority. This ster prime ministerial which Mr Morihiro U-turns in more in

than Britain. Mr one has list praise in the British tradition of having a large number non-cabinet ministerial posts. This trains politicians part in policy-making than, 🖿 in Japan, just carrying out bureaucratic

A more imaginative central government would improve Japan's ability to the "normal country" - including deregulation, mr reform, decentralisation improved town planning, all part

Yet Mr Command sociological explanation Japan's de la qualities, though la la la la la la it much. In he admits, In had is supposed M Li . Internation like look shortcomings in Japan's

Democracy | really taken in Japan, partly because of an inherited collective spirit in an an ana system designed to stamp out independent thought. Mr this system faulty at both ends - too rigid at which have med the dull at

the university stage. Japan's cure must start with head, water means creat ing more modern govern-ment, both in international and domestic level. From the will gradually man Japan to be envied, rather than derided, by foreigners.

Yet tantalisingly, In I dream" water look line. Perhaps III lacuna is of his men theory in Japan suffers from under-exer Imagination.

William Dawkins

ECONOMIC VIEWPOINT

Drug abuse tackled the wrong way

By Samuel Brittan

Given a high-risk, high-price market for products with an addictive quality, one would expect present restrictive legislation to encourage criminal activity. The addicts steal to pay for their drugs; and suppliers will stop at nothing to maintain an enormously lucrative trade.

That business has an economist of

about drug abuse and the case

for decriminalisation? The first

and most obvious reason is that drugs make up one of the world's largest industries. International trade in illegal

drugs is estimated at \$500hm a

year. The turnover of the crim-inal firms which run the

world's lilegal drugs traffic is higher than the national

leading nations.

Secondly, and more contro-

versially, economists start with a presumption that the con-

sumer is the best judge of his or her own interests. It is a presumption that can be over-

thrown in extreme cases; and

the costs imposed on other peo-

ple from widespread drug con-sumption need attention. But

favours competitive market

approaches against the heavy hand of regulation.

Thirdly economists are con-

thus contribute to understand-

the 1920s or other addictive

drugs today. Measures to reduce supply -

as customs seizures,

fines, imprisonment or confis-

cation of assets - act as a tax on suppliers. The risks are

much greater than in a normal

market, and the prices at

will be sup-

plied correspondingly

high-risk, high-reward one in

which criminal gangs have an

advantage over normal traders. They have every incentive and

exclude outsiders to keep the

surpluses they are over

above him they will

To the an example. One

gram of heroine of 40 per cent

purity is said to have a street

value of £86. If were avail-

able as a gram of pure beroin it

might sell in the illicit market

for mile comparison, supplies of large states

The dammed side a more

controversial. Wall if Congli

were very muslime to price

had prices will already have

militari di problem di addio-litari di militari proportions.

very multiple for addicts and drug dependants - that is what

tion to performance. Enron

Operations Corp. designs,

constructs and operates the

including power plants like

those M Subic Bay; our pass

processing facilities and ser-

vices; our clean fuels operations; our liquids pipeline and

44,000 miles of natural

pipeline. Enron Operations

cial responsibility for min

two continents.

Corp., in fact, bears commer-

different Enron pipelines nn

me power needs. Pipelines

develop infrastructure. And

plenty of the clean-burning

natural that makes it all

possible. They're all part of

Enron's vision of becoming

Houston,

the world's

first natura

major.

and processing facilities

Quick response to immedi-

bulk of Enron's physical assets

gain from normal activities.

ne of 50 of the world's 70

economic commentator to write

at least the starting point thus. In the early 19th century, British governments actively supported drug traders, for instance in the Opkun Wars against China. Draconian anticerned with analysing markets, including government intervention in them. They can drugs laws are fairly recent and have largely been spear-headed by the US. British legising the effects of attempts to criminalise production and lation dates hack mainly to the consumption of products, whether alcohol in the US in Dangerous Drugs Act of 1920.

In Hong Kong, Thailand and Laos, anti-opium were enacted over the period between 1950 and 1980. The result was a switch from traditional opium use, contained and controlled by local custom, to heroin, which is less bulky and more profitable.

In the Andes, cocaine has replaced the traditional and less harmful chewing of coca leaves. In Colombia, three presidential candidates have been murdered for drug-related reasons. The the largest single support largest single support largest organised international crime; and about half the murders in the US um drug-related. In Britain the problem is not (yet) on the same scale; but drug related that may water in value to half of all theft.

The analysis and facts so far cited all come from a new paper, Winning the war on Drugs: to Legalise or Not? by the Liverpool University Health Economics Unit, and published today by the Insti-tute of Economic Affairs (28.50). So careful, however. has the IEA been in treading on this minefield that the paper also contains two comments by medical practitioners eminent in the field. Professor Julius Merry, a professor of clinical psychiatry at St Thom-MIN DESPAIL APPROPRIES BY



Stevenson, who comes out for careful legalisation. A commentary written jointly by mi psychiatrists and a min nologist disagrees strongly. But even it limers some liberalisation of policy and practice.

'If some insist on using drugs, it is better that they buy them from non-criminals'

the history of the hi in the Line summinded in the 19th effects in the Encyclopaedia Britannica. Prohibition brought hits the I new kind it winters. the bootlegger. The career instance of the development of

bootlegging on a large scale. His annual earnings were estimated well over \$60,000. The led to a succession of gang wars and murders. A notorious incident was the St Valentine's Day massacre in Chicago iu when the Capone shot to death seven members of the rival "Bugs" Moran gang, Historians of the underworld, however, by the late 1920s bootlegging was on the verge of semi-mo-nopoly control and the end of gang wars was approaching."

Encyclopaedia does not

im bootleggers agreeing sharing what they might have called "the loot" and the IEA the economic rent". Some effects of the official war against drugs are the

opposite of those intended,

even from the point of view of

mean criminality was ending.

but that there were signs of

drug users. The high price of illegal drugs encourages injec-tion, which is the most economical but also the most haz-ardous method. "At high prices, users are more likely to share doses and needles, so the risk of transmitting disease is increased." Another response to high prices is to become a small dealer and sell to friends, thus spreading the habit.

Bloodie but unt

Although alcohol consump-tion fell in the US after prohi-bition ended, this may have been due to special circumstances, such as the Great Depression. An economic observer ought to concede that, if drug prices were lower, there could be more casual experimentation - not that the law prevents 30 per cent of young people from occasional use at the moment. It is a matter of choosing between this risk and the growing sub-culture of criminality and addiction.

egalisation in one country also has its problems. One danger would be the kind of drug tourism seen in Amste dam. More seriously, the Colombian cartels and the billions of dollars in laundered money would continue to exist so long as the US continued its antidrugs crusade. But here, at least, there may be a glimmer of hope from the less straightlaced Clinton administration The US surgeon-general, Dr Jocelyn Elders, has urged a study of legalisation.

No one, whatever his speciality, can predict the consequences of a large legislative leap into the dark. Two kinds of gradualism are possible. One is that aiready practised by some local British police forces: they do not prosecute for possession of small quanti-ties of drugs but advise addicts to enter treatment. A more rule of law approach would be to experiment with legalising softer drugs and imposing the kinds of tax already borne by alcohol and tobacco.

Stevenson provides an analogy in the case for legal abortion: "Abortion is tragic but, given that it will occur in any circumstances, it is better that it should be performed compe-tently. In the same way it would be better if everyone could cope without mind-altering drugs, but prohibition is unenforceable. If some people insist on using drugs, it is better that they should buy them from law-abiding businessmen rather than criminals, and better still if they can be integrated into society and brought under medical supervision if it

THE EDITOR

Number One Southwark Bridge, London SE1 9HL Pex 071 873 11 Letters transformed should be clearly typed and run band written. The are fax for finest analyticon

UK tax rises give cause for pessimism

2) reflects the emerging connsus among many econo mists that the recovery will continue to gain pace this year and next despite butter taxation. Our analysis of the current situation and of past tax rises supports a somewhat imistic view. It also suggests that we should look closely at the effect of last year's budgets on both consumer spending and invest-

Both of the last two large tax hikes, under Labour in the mid-1970s and under the chanexperiences will not be repeated, this does suggest the rate of increase in consumer spending should be slowed by the increases. It tax rises were offset by substantial cuts in interest rates and, in the latter case, by the relaxation of controls over personal borrowing in the 1982 Finance

This time the reverse is true. Though there may be delayed effects from the interest rate cuts over the last two the movement in file is just as likely

From Mr Michael Goldman.

Sir, Mana I makes a

April 5), Land

Even If there is no objection

to the rich getting richer,

From the tier fixed Gallier

Sir, Your and do

Michael Goldman,

I Lyndale Close, Blackheath,

not have to be an egalitarian to

indicators pure: that ille have made the personal sector musi cautious, while we should not put be much faith in the boosting of falling unemployment **a** most of **the** down to increases in secure with of employment such as part-time work and

One of the best hopes may be that continue to offer sufficiently large discounts as I available in the January - when it monthfall in the price ut

well to seem the naive min

placency if Michael Prowse's

For richer, but surely not for poorer

From Mr Stephen Radiey.

Sir. Your 11 1 on the effects of UK tax rises ("Shoppers in the line of fire", April

cellorship of Geoffrey Howe at the start of the 1990s, coincided with fails or stagnation in consumer spending. Though those cautious. Consumer in spread II incomes further. However, with unit labour this will profit margins. Oliver the strong links the miner and expects profits and investment levels, should therefore be looking closely in what the budget manus for the receiver in investment just as much as that for consumer spending. Stephen Radley, chief economis The Renley Centre for 9 Bridewell Place. London BCAV 8AY

Cost takes shine off free trade

From Mr John Pitts.
Sir, I have received a reques for the renewal of my annual subscription 🚻 a business guide published in the UK. All giving of the £99 payment due it Please draw your cheque on a sterling bank account in III UK. If cheque not drawn **a** UK bank please add £17.00 to cover bank charges." This is a eral requirement and il within the European thin. A thumping levy by banks of 17 per cent on this sort of cross-border trade takes a lot of the shine off the Union

as 🛚 free trade area. I can understand why cial institutions lim 🛍 enjoy the profits earned on currency transactions. I can understand why governments like to retain national currencies so that they can manipulate them for national advantage. But while these benefits come in the short term, there must be a substantial price to be paid in the long term. European busi-nesses will suffer both in the size of their domestic markets and in their wider interna-

tional competitiveness.
Will the Maastricht treaty be able to address this proble or will it turn out to be rather like asking bookies to in him fewer meetings? inm Pitts Halt House, Carthorpe, Bedale, North Yorkshire DL8 2LD

Sir, Your leader, "Late bills" (March 10)

The Canton Association of

STREET, SQUARE, STREET, reject the mutau of a page tory rue to inside on --payments. We believe that the introduc-

cogent (I among the Tourism article (April 2 milh a milh "What right with analysis of actually happened in America to jobs and security in an with May fascism U II disapprove of the growth of soave of **b** future, by Edward

Luttwak (London Louis of Books, April 7). The writer is the Centre in Strategic and International Studies in Washington. Luttwak's prognosis for the US and European economies is grim, especially in the growing insecurity projects. He says: "Thus neither the right nor IM moder-

recognises, let dre the any with for problem our days: the completely unprecedented personal economic insecurity of working people, from industrial workers and white-collar to medium high managers."
Instead of the all too easy

jibes at the Archbishop of Canterbury, Michael should take on the Edward Luttwak's analysis and try and suggest a solution. David Galilee, St Mildred's Vicarage,

Statutory interest is not a solution

attention in problems facing many small businesses and the using legislation as an

CONTROL ACCEAN problems as many of our market or active in III small business sector, being man in believe themselves or providers if financial support services to In our submission to

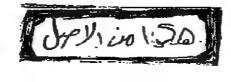
legitimise in practice in payment, in the that: unscrupulous in the might choose to pay interest w suppliers on overdue in rather than 🖿 borrow 🔳 higher 🛌 from Thus, there might evolve

form 🎽 incentive, courtesy 🜌 statutory interest, in maintain a practice of his payment, the existing problem might accordingly mexacerbated. In any case, companies in me entitled by law to an

payment overdue debts, seriously question interest element would, - part, consuch material amount as in motivate them to me the trouble and expense of retrieving it through the

A more practical solution to he problem may be to use the VAT system as a form of control mechanism, whereby businesses which paid bills after an unacceptable delay would be forced to wait or be unable to recover VAT paid.

However, it is a fact that effective remedies to the problems of late payment require a fundamental change in business attitudes and culture; late payment must cease to be regarded as a fact of business ife or as a tool of astute finan-Anthea L Rose, chief executive, The Chartered Association of Certified Accountants 29 Lincoln's Inn Fields, WC2A 3EE



perhigh a Britain

250

25,000

FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Thursday April 7 1994

Resolve of this kind will be much in demand in the months to

come, both in Israel and among

those attempting to bring about

Palestinian self-rule. For if there is

one certainty about the fragile

experiment in coexistence now

underway, it is that there will be

further attempts II I I I

it off course. The agreements

struck thus far many

loose ends to instil confidence that

threats will be contained,

and their implementation is sur-

rounded by in many worrying

uncertainties - I t concern-ing the Mr Mr tat, the PLO leader, to rule an

embryonic Palestinian entity with

authority, competence or even

The most ominous grey area

concerns the Jewish settlements in the territories. These are sup-posedly unaffected by the interim

agreement now being imple-mented. Even after Israeli soldiers

have withdrawn from most of

Gaza and the West Bank and

handed over the security of their

Arab inhabitants to Palestinian

police, some will stay behind to protect the settlements. There is

plenty of room for misunderstand-ing or worse between the Israeli

military and Palestinian forces,

especially in places like Hebron, where Jewish settlers live in the

thick of Arab population centres.

Israeli prime minister, has been

understandably reluctant to broach the settlements issue. It is

one of the difficult questions to be

decided in "final status" negotia-

tions that are supposed to start up

to two years into implementation of the israel-PLO Declaration of

Principles. It also represents a political minetiald in Israel. Nev-

ertheless, it is an issue which may

have to be addressed sconer

rather than later if the interim

accord is to bring lasting peace to the occupied territories. Mr Rabin would be well advised to make a

start now by vowing, without prej-udice to the overall fate of the

settlements, to shift the most

politically inflammatory of them

So far, Mr Yitzhak Rabin, the

real democratic legitimacy.

Jewish settlements

Bloodied but unbowed

Yesterday's car bomb attack in the northern Israeli town of Afula is another reminder of the fearful symmetry of violence which threatens at every turn to obstruct the Middle East peace process. On one side are the Palestinian Islamic militants who claimed responsibility for yesterday's bombing, apparently in retaliation for the massacre of about 30 Arabs in a Hebron mosque in late February. On the other are Jewish extremists such as the fanatical settler, Baruch Goldstein, who carried out the Hebron shootings.

200 m

Control of the Contro

Harry Bernard

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pourer

Both sides, though sworn enemies, have a common goal: to ensure, by striking in the most borrific manner at the most sensitive possible moments, that the agreement between the Israeli government and the Palestine Liberation Organisation providing for Israeli withdrawal from and Palestimian self-rule in the Gaza Strip and West Bank does not succeed. Fortunately, the current evidence suggests it is they, not the agreement, that are failing. The anguished standoff between israel and the PLO that followed the Hebron massacre has been replaced by an invigorated attempt to reach detailed agreement by April 13, the date set in the Declaration of Principles they signed on the White House lawn last September. Moreover, the Israeli army appears to be preparing the ground for an eventual accord by pulling equipment and forces out of Gaza and the Jericho area. For the first time, the negotistions of the past year can be said to be producing tangible change where it matters.

Important concessions

What recent events have underlined is that natiner Israel nor the Palestinians have any option but to stick to the process on which they are embarked. Both sides made important concessions to restart negotiations - Israel by allowing an international observer force into Hebron; the PLO by shelving demands for the removal of Jewish settlers from the West Bank town. Moreover, by benning two Jewish extremist groups, the Israeli authorities have acknowledged for the first time that terror interest, as well as that of regional ists from their midst can pose as stability, to remove such sources much of a threat as those from the of friction from what in any case other side.

Such an eventuality would not arise if the government announced now its intention to lift the entertainment ban in 1998, which it could do within the terms of the ban itself. Then BT would be free to decide the case for turther fibre investment on its commercial merits. If Mr Michael Heseltine, the trade and industry secretary, is truly concerned at

Fair access

The other side of that coin, however, is that operators besides BT should have full and fair access to BT's existing and future networks. BT need not have fibre monopoly - indeed it is unlikely to have one, given the welcome investment by cable companies in competing urban fibre networks. But if it goes ahead with further invest-ment in fibre, BT is certain to have Britain's most extensive, and probably its most advanced, superhighway. To ensure a diversity of services, other operators must have access to that network on the same terms as BT itself.

communications regulator, is taking the essential first steps to ensuring such open access. He is forcing BT to account for its network husiness separately from its retail activities, and to publish cost-based charges for access to specific services needed by competitors requiring access to the BT network. His guiding light is the benefits to be had from competition in terms of diversity of ser-

prices. This is the right approach. It is important, however, to be clear about the object of the exercise, which is not to emasculate BT but to give consumers maximum choice consistent with an efficient use of existing resources. The apshot will undoubtedly be a smaller market share for BT than the 90 per cent it now commands. But to go further and use the regulatory system to endow new entrants with long-term subsidies at BT's expense would be to res-

fter teetering Im Imp months un lib of it an brownic precipice, Turkey this has tried to pull back from the brink. Under pressure from a plunging lira and dramatic gains by Islamic radicals in last week's local elections, Turkey's conservative-led coalition on Tuesday announced an austerity package in an effort to

restore economic health.

Mrs Ciller, or prime minister, warned that Turkey faces Latin American-style hyperinflation unless implement include unpopular moves to raise taxes and state-controlled prices and the public companies, as well ... an effective further devaluation of the lira. This fell yesterday to 39,900 to the dollar against 32,050 on Tuesday, after the central bank stopped supporting the currency.

In launching Turkey on uncomfortable economic journey, Mrs Cilier, a 48-year-old former 1stanbul professor, seems to have little clear-cut idea of the des-tination. In her televised address on Tuesday, she said she hoped the measures would spur export-led growth and will not "stop the economy". In fact, if the austerity alowdown - and a possible political backlash – www be to avoid.

Ominously,
Zongludak coal works, and from Karabuk iron 📖 steel factory both earmarked for possible closure - launched protest marches on Tuesday to voice opposition against

expected large-scale lay-offs.
The immediate cause of Turkey's economic crisis was the decision in January to devalue the lira by 12 per cent, in an early attempt to correct economic problems. This sparked a self-fuelling fall in the currency and rising concern among foreign creditors, in spite of domes-tic interest rates which were raised at one point to 1,000 per cent.

The reasons for Turkey's problems, however, go much deeper. For most of the past decade, annual inflation rates have rarely been lower than 50-70 per cent. At the same time Turkey has registered annual economic growth rates well above those of other countries in the 24-nation Organisation for Economic Cooperation and Develop ment (OECD). As an OECD official put it this week, "Turkey has been defying the law of gravity for years. But you can't run an economy with a 50-80 per cent inflation rate with-

The public sector borrowing requirement last year was running at 16 per cent of gross national product. To bring down the deficit, the plans widespread price rises for commodities such as petrol and sugar. I wants to step up

domestic economy, rather than act-ing as a Bundesbank satellite? We are unlikely to find the

answer to either question - at least

in any coherent way. The monetary

council, since it was set up in January, is behaving more like yet smother elitist club within a secret

state than a pioneer of a new liberal

monetary order. Mr Trichet, the Bank's governor, amounced after the council's first meeting that he is

the sole spokesman to the press.

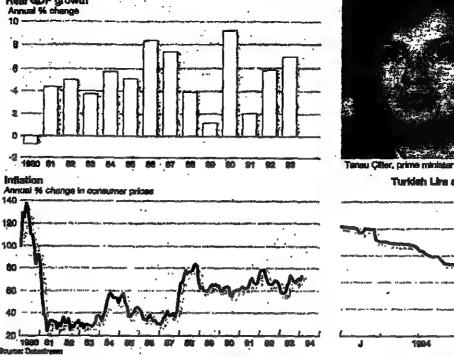
Any suggestion that council mem-bers would voice their views pub-licly, in similar fashion to officials

of the Bundesbank or the US Fed-

Turkey has taken steps to avert economic crisis - but the price may be a political backlash, says John Murray Brown

Falling back to earth with a bump





privatisation by seiling when worth of the man in the case which my turn all to be heavily optimistic. Overall, Mrs. Ciller envisages cutting the government's budget in the months by TL38,000bn through revenue increases and

With an inflation rate of 74 per cent in March, the time of reckoning has clearly arrived. However, while the government realise the pressing need to cool the aconomy, it also fears the possible consequences. An important reason for Mrs Ciller's failure to take remedial action earlier was the memory of the effects of Turkey's last big austerity package, announced in January 1980 by her predecessor Mr Suleyman Demirel, who took over as Turkey's president in May last

The 1980 measures, launched at the behest of the International Monetary Fund to boost exports and Lira per \$

control inflation, led to months of social disruption which eventually sparked a military coup d'etat in September 1980. Mr Mesut Yilmas, the leader of the main opposition Motherland party, Anap, this week called Mrs Ciller's package "a bad copy" of the January 1980 measures.

Since the reinstatement of democracy after a change of constitution in Turkey made an impressive political and economic recovery. But anxieties about political stability have resurfaced in recent weeks as a result of violent unrest in the Kurdish speaking south-east of the country and the surprising gains made by the Islamic-based Refah party (RP) in the municipal elections on March 27.

The RP gains, particularly its vic-tories in Istanbul, the largest city, and the capital Ankara, unsettled Turkey's pro-western secular political class. Coupled with reports of Islamic vigilantes imposing Islamic

Bank of France must go its own way

economic rackage fails.

Turideh Lira against the Dollar

15,000

25,000

30,000

In ways, however, Ciller emerged strengthened from After campaigning on a platform of tough law and order measures against Kurdish rebels, her True Path party finished with a narrow overall victory over the Anap opposition party.

Nevertheless, the suggestion that the secular reforms established by the new Republic could now be at risk sets off alarm signals among Turkey's western allies. Turkey remains a vital strategic partner for the west in a troubled part of the globe bordering the Balkans, the Caucasus and northern Iraq. Also, the country is an important source of business for the European Union. with trade between Turkey and the EU reaching \$20bn in 1993, making it the Union's ninth largest trading

ness of its economy in preparation for the planned customs union with the EU in 1995. Its application for membership of the EU was made as long ago as 1987. However Turkish ministers are resigned to countries from central and eastern Europe joining the EU some time around 2000, perhaps a decade before the date when Turkey will be allowed to accede.

attempt to increase the competitive-

important clouding relations with the EU is Turkey's heavy-handed military clampdown on Kurdish unrest, Sir Leon Brittan, the EU commissioner, has warned, during visit to Ankara in February, IIII Turkey would benefit from the customs union only if it took firm action to

international credit agencies having twice downgraded Turkey's arrating, IV didden believe Turkey and ill and to way in a union commitment. But industries such as the powerful automobile sector - hard hit by this year's steep rise in borrowing costs - are looking for exemptions to the customs union timetable, EU Commission officials warn that this will be countered by calls from European textile produc ers to retain quotas against Turkish

he government's most important short-term priority implement
Mrs Ciller's
and work. in often since in the mr prime ministra lui summer, lui economic policy achievements failed to match her rhetoric. However western economists point out this is the first time the government has explicitly envisaged the closure of loss-making state industries.

"If this is what is needed to keep the fundamentalists out of power that's fine, I think people are pre-pared to pay the price," was how one Istanbul banker put it. Western diplomats believe Anap will eventu-ally endorse the measures - above all because after its lack-lustre performance in the municipal elections, Anap is in no mood to force an early general election.

The prospect that Turkey could fall to implement the package is, however, deeply worrying - not just for Turkish industry and for holders of the country's \$64bn foreign debt. A severe economic crisis would give further support to Islamic radicals raising the prospect of a shift in Turkey's western orientation that would further unsettle one of the world's most volatile regions. As Mrs Ciller in coming weeks struggles to deliver the economic medicine Turkey urgently needs, much more than the fate of the Turkish Turkey making ali-out economy will hang in the balance.

Superhighways for Britain

It might seem appropriate that indicated resources were it serious as the government has ously to hold BT back from decided to scale back the UK's upgrading its own network. road building programms, the debate is accelerating on the mar-its of a national fibre-optic grid a multimedia "superhighway we everyone's me

The connections are more than superficial. In terms of capacity, fibre is to copper what motorways were to village lanes. A national fibre network, like the motorway system, can be built incrementally: despite the "superhighway" tag, it is no more than an upgrading or duplication of existing local telecoms networks (trunk networks are already fibre). There might even be a trade-off between highways and superhighways: current projections of future trunk road requirements, inevitably based on historic trends, make insufficient allowance for the potential of "teleworking" and vid-eo-conferencing to transform work and travel patterns.

But the relationship should not be pushed too far. Demand for superhighway services - enter-tainment, information, education, home shopping - is still largely speculative, particularly at current projections of their price. Even the fate of video-on-demand, the first service set to come on line, is uncertain: punters are unlikely to pay much of a premium to avoid a 10-minute trip to the local video store.

Cash cows

Nor should a fibre-optic grid be viewed as a unique national asset to be provided by public funds. Telecoms companies are among the largest cash cows the world over: if there is a market for superhighway services, they will be able to raise the money easily enough without troubling hardpressed taxpayers. State funding ought to be reserved for subsidizry but critical goals such as the application of fibre networks to education.

in the UK, the most immediate question is the future of the ban on BT carrying entertainment services over its network. The ban was a deliberate bid by the Thatcher government to encourage cable companies to compete with BT in telecommunications. As such it was justified; but it wrect the evils of the old nationwould be an unjustifiable waste of alised telecoms regime.

Britain's competitive edge, he should take this step and not risk Britain languishing in the installation of fibre networks.

Mr Don Cruickshank, the televices and downward pressure on

What do Mr sral Reserve, was rebuffed. Jean-Claude Trichet cynics would argue that there are

no secret council deliberations to and his colleagues on the Bank of discover. Attempts by journalists and market analysts to ferret out the council's position on the biggest question of all — should French France's monetary council think about the Bundesbank's PERSONAL problems in control-VIEW ling German money monetary policy become much more independent of the Bundesbank? supply? After renewed signs during the past few weeks that M3 'broad money' is expanding beyond the Bundesbank's target range, should France not be implementing a monetary policy with the extensive rether than act. could mirror poor K's efforts in Kafka's "Trial" to find out the contents of his judges' notebooks: the result would be blank pages.

The cynics have a point, The Balladur government, in its rush to grant independence to the Bank of France, has left the council largely insulated from the type of normal pressures which would, in an open society, lead to changes in policy. Members have not had to face questions from any parliamentary com-mittee. Nor do they publish minutes of meetings. They are not subject to US-type freedom of information legislation. The Bank of France's monthly bulletin remains bland, offering no insights to compensate for secrecy elsewhere.

All this illustrates that liberal ideology was hardly a big influence on Mr Balladur's decision to give prior-

ity to central bank independence. Rather, the driving idea was that independence would boost the credibility of France's anti-inflation policy. France would thereby enjoy the benefits of lower interest rates and an even harder currency. This hypothesis is now in doubt. French bond yields have risen by more than I percentage point in the three months since the council started

In view of the recent history of error in German monetary policy, could France not aim to do better?

work, whereas the rise in German rates has been only 0.70 point. So long as independence means that the central bank is free to follow a policy of imitating every Bundesbank move, in splendid insu-lation from domestic political pressure, there is little prospect of any gain. The French financial markets and macroeconomy will remain vul-nerable to monetary and fiscal

OBSERVER

BASILDON MATERNITY

shock from Germany. At best the credibility of French monetary stability can be no greater than Germany's. Yet in view of the recent history of error in German monetary policy, could France not aim to do better? Achieving a higher monetary standard of performance than Germany would offer France the best long-term route to lower interest rates.

the council is Bundesbank, Financould become a case study in how not to grant independence to a central bank. A failure of the French economy to recover significantly later this year might turn the council into a scapenel in the presidential deliver

campaign.
Perhaps there is still an opportunity for the Balladur government to prompt a change in course. Legally, the French government responsibility for exchange rate policy. Mr Balladur could instruct the council that a the D-Mark is no longer a central aim. Paris needs only to drop hints that exchange rate stability is less important other

objectives. The manuficult rate would then fall.

An end in the stable in policy could also come irrespective of Mr Balladur's possibility his rival, Mr Jacques Chirac, may occupy the Train Palace next spring could act as a catalyst 🔤 a tanc.

To poised in Hump-ty-Dumpty just above its old support brinked off the wall again, ii-French and German governments are unlikely to send in a joint rescue force. Such a fatal accident would indeed be for the best. A floating franc would not end the need to co-operate with the Bundesbank. It would, however, provide France with the best opportunity for constructing a domestic ancho for monetary policy that reconciled central bank independence with genuine economic liberalism.

Brendan Brown

The author is head of research. Musikal Plans himsline

Historically challenged

 In terms of sporting disasters, the cancellation of England's friendly football match with the Germans does not rank with last year's Grand National fiasco. But someone deserves a red card.

When did the Football Association first wake up to the fact that the match fell on the anniversary of Adolf Hitler's birth? Seemingly, no one there knows much about history - which is a mite surprising given the age of some FA members. If the organiser: of today's annual Anglo-German Königswinter conference had invited along the odd FA official, this sort of mistake might have been prevented.

Meanwhile, the German football federation does not emerge from the affair any better. It talked tough about wanting the game to go on, presumably in the hope that the cowardly Brits would cancel it.

As for Tarry Venables, new manager of the England team, he's lost the chance to make his mark. The last time there was as big a fuss over a match (1938), England beat the Germans 6-3 ... and went on to win the war.

Paying the piper More from the "do what I say, not what I do" school of financial scrupulousness. The Accounting Standards Board, which preaches the need for upstanding financial reporting from companies, has been a bit sparing with the concept of full and frank disclosure in its own annual accounts.

For a start, no indication of the remuneration of David Tweedie, its chairman.

Ringing silence also on the dosh dished out to remaining board members, who determine new guidelines - including an imminent one on executive share options. The reason is a little piece of cunning accounting suggested by the board's advisers. The only true legal director is a corporate entity, the Financial Reporting Council. Thus none of the board members

'John Major may have kissed me member of the board at all. and changed my nappy but he

Mr Who

■ How the mighty have fallen. The latest issue of the AREU journal carries an interview with Glenys Kinnock on "Europe, politics and being married to an

United in defence Bill Clinton can do with all the help he can get in defusing the Whitewater row. But even he might balk at his newest defender -

Lyndon Larouche, the political

extremist and conspiracy merchant not long released from a Virginia

jail after serving a term for tax

fraud. Larouche, who took the short trip round the dark side of the moon from the far left to (mostly) far right, is planning another presidential run. His exploratory campaign organisation goes by the wonderful title of The

Committee to Reverse the

Accelerating Global Economic and Strategic Crisis. Whitewater, according to the CRACESC gospel, is, of course, all a plot by British intelligence and others intent on destabilising the US presidency. Active co-conspirators include Conrad

Black and his media empire, Henry Kissinger and those responsible for the Hebron mosque massacre. Larouche, who used to list the Queen of England and anyone named Rockefeller among the plotters, claims that he and Clinton share a lot of the same enemies.

Turkish front

■ Aysegul Nadir, divorced twice from fugitive business tycoon Asil Nadir, is not known for her

The former beauty queen is using her charms via a telephone hotline to raise money for young Turkish against the Kurds. Donations are to be sent to account number at an Istanbul branch of

Isn't this the bank her ex-hubby once owned and allegedly used to channel Polly Peck funds into his personal and private business activities?

Slotted out

■ Some 67 per cent of Americans approve of legalised gambling, according to a survey published yesterday. Unfortunately, however, they do not live in Missouri, where ornery southerners have voted down a constitutional amendment to legalise all sorts of riverboat

gambling. Riverboat casinos are big business on the Mississippi, States encourage them because of the money and jobs they bring; but paradoxically, opposition to gambling is stronger in the traditional south than almost Yesterday's referendum result

will leave riverboat casino operators free to offer games of skill, like poker and blackjack, but not slot machines where the real No doubt the riverboats will be

slipping their moorings and floating over to the opposite bank of the river - in the state of Illinois.

With nail and eye ■ South Africa's courageous press has extended the frontiers of

The latest is of Scope, a monthly magazine, boasts "SA's first full-frontal nude pin-up". The breakthrough is the result of an ingenious circumvention of censorship regulations. What the magazine calls "the naughty bits" on the centrefold female baring almost all are concealed by an overprinted silver fig-leaf.

Readers are told it can be removed "by rubbing it carefully with a fingernail". If what lies underneath might offend, "Don't touch the fig-leaf," it sternly warns. "Welcome to the world participatory democracy," says Scope's trailblazing editor, David

FINANCIAL TIMES

Thursday April 7 1994



China sounds warning note on deterioration of state industry

China sounded III alarm growing industrial unrest and the deteriorating industry, which is under pressure in IIII transition to market economy. in the People's

Daily - the Communist party newspaper – and the Economic Daily drew in the potential instability in China's cities where enterprises undergoing painful transformation.

references in III official pres La China's economic problems coincide with Indicathat the country be entering an uncertain period, with fresh reports about the

Deng Xiaoping. "This year and the plant the employment situation will be extremely grim," said the People's Daily in an unusually frank name to looming problems in a politically sensitive The Economic
Daily displayed umusual candour in referring the plight of
the which it
would register little or no growth this mu due to had a funds

and sales".
Western in Beijing wonder whether in fresh tion of Jingsheng, China's most prominent dissident, on suspicion ocumiting new crimes" might = connected with internal party struggles. dissidents has in the past tied is conflict between party

Confirmation of pressures on the once heavily subsidised state sector came with a report yesterday that Shanghai textile com-pany had become the city's first state enterprise to file for bank-

Wei Po, a pro-Beljing Hong Kong daily, reported Land Shanghai Number Two Wene Band factory has made the move in the lit blamed. management, accumulated debts removal removal enterprises throughout China similar problems. In industrial strongholds Wuhan in central China bin in the north-east, unemployrising rapidly and of are barely surviving. Charles and market in

Official unemployment in urban areas is 2.6 per cent, but

this vastly understates the extent of the problem. Some estimates put urban unemployment at about 20 per of the

People's Daily quoted Li Boyong III minister, saying IIII was with unprecedented challenges deploying all the jobless".

China is grappling with a huge surplus 1130m 1200m.

Balladur visits Beijing, Page 5

Millions are seeking employment in the cities, adding to pressures m hard-pressed municipal

Leading liberal justice of Supreme Court to retire

Justice Harry Blackmun, We US Supreme Court's leading liberal, yesterday announced III retirement III the end of the court's summer term, giving President Bill Clinton his successor.

Mr Clinton yesterday gave brief and moving tribute in Jus-tice Blackmun, famous for his ruling upholding all rights. But he clues as to who seed get the second beautyper bench since coming to office. "This Justice Blackmun's day," Mr Clinton said.

The president | thought likely pick Justice Blackmun's views, meaning little immediate change in III political balance of IM Court. The prospect in rightwing in the bench, which seemed on the cards during the Reagan and

Bush presidencies, has receded. But it delicate mechanisms of the bench may persuade Mr Clinto a nominee inclined to inclined and conthe independentminded lease Blackmun, who

took pride in principled

Continued Imm Page 1

Korea er the US.

Korean nuclear would

never be against South

The distance could in the

Japanese govern-

ment to take m tougher line

against North Town over in

issue of nuclear site inspections.

They will also provide support

for Japanese officials arguing

that the country must boost

North Korea already devel-

oped a missile, 🔤 Rodong-I, that

Spain and Portugal, central large and Poland will be mainly dry and sunny. Esswhere it will be unsettled and cool.

Europe today

no following the man of reconservative nominees to muster.

However, ■ lifelong Republican leavened by the progressive tradi-Justice Blackmun quickly emerged as a limit bulwark. On the current Court he is aligned Justice John Full Stevens, another Republican appointee. with the ground occupied by Justices Ruth Ginsburg, Day O'Connor, Anthony Kennedy and There and and right by William Rehnquist and Justices Antonin Scalia | Clarence

Justice Blackmun principal author in 1973 of the 7-2 Roe ■ Wall ruling protecting the right mabortion. Unapologetic m end me ruling, he simply said yesterday in thought in "a necessary step road the full emancipation of women".

He also remained adamant opponent of capital punishment, unconvinced II it served = = deterrent. But he frequently that he swimming against a national tide, with two-Mr Blackmun appointed to the by President Richard death penalty (proudly,

reach most of Japan.

although military analysts

believe that Pyongyang yet have II capability of build-

ing sophisticated

small enough to ill on the

But the ambassador's com-

perfer appear to confirm man-

analysts' that North Korea

might use the Japanese fast-

breeder reactor.

plutonium, as a pretext for pro-ceeding with w own production

d plutonium. | in lim making

of mating weapons.

nobody in 80 years).

"It been fin on occasions," Justice mun wryly in frequent in La Court's minority. But Mr Chinton, un all acquaintance, saw it otherwise: "Justice has not only been his title, it has his guiding light."

George Mitchell of Marine and Mr Ilmes Babbitt, interior secretary, leading all to it replace Jusincluded three learned judges - Mr Last Cabranes from Connecticut who, if selected, with be the Hispanic justice, Mr Stephen Breyer from Arnold from Arkanand All livy wars primitived in year's search for a Supreme Court nominee, a position by Ginsburg.

Interest centres su Senator Mitchell, the Democratic majority leader who has announced he will not re-election this November. The problem fac-ing the president is his need for Mr Mitchell's help this in shepherding his domestic legislathrough Congress, above all the bellicare primit bill.

nium production

N Korea issues warning to Japan R the North Korturing la enclave ean warning this week is it

might be ready to recent pluto-Land analysts in Level believe Mr Cha's might la m attempt to allay South Korea's about the development of North Korean nuclear warm by

appealing to the land Kor-Korea im come under pressure in open up its nuclear facilities to international nuclear inspections to dispel suspicions that it is developing Drusslan Markings mill Croeks.

Gen Rose to mediate

yesterday agreed to . 5request in talks talks

Radovan Land military chief, General Ratko Mladic, said the kern had pledged w stop shelling the embattical basis

He cancelled ■ planned visit

week-long upsurge of fighting around the enclave, one of three so-called UN "safe areas" for

appeared in accept

However, diplomats said furtects il Sarajevo ceasefire

in Bosnian

peace talks By Our Foreign Staff military commander ... Bosnia,

overall ceasefire.

enclave in the man

yesterday.
Al lend of people ben ben killed and 300 wounded in a

Moslems in a largely Serb-con-trolled region of eastern Bosnia. The British officer played down the cancellation of his own trip

the but typicare that the recent push harming by their forces around have come few miles of its centre, but not in sight of capman m Moslem advances in

III request as sincere, boosted hopes Link II "rolling ceasefire" gramma could acquire fresh

consistent program in Wallington and Moscow, and archi-

Gen Rose, speaking after talks with the Bosnian Serb leader, Mr

to Gorazde. "If they [the Serbs] don't want us to go there now, then we have to accept that," he said. However, the Serbs did allow some UN mount has the

other parts of Bosnia.

The Serbian request for talks the UN's willingness to Irial

would depend on

1030

1020

mately rely. In the internal of self-preservation, most financial advisers have chosen to side with the fund managers who have the money than the companies which need it.

Hedge funds are rapidly gaining the reputation and popularity of medieval ritually burnt at the stake every time some ill befalls the global capital markets. The incarnation is the unexpected rise in the oil price in recent days. Crudely put, since other commodity prices have risen and oil has lagged badly, it is seen as an obvi-

the institutions on which it must ulti-

ous target for speculative funds.

The interesting question, however, is whether the hedge funds are being smarter or slower and conventional oil market traders. The second quarter softening of prices demand the back all winter.

Opec's failure to rein back production partly at Saudi Arabia's behest -

THE LEX COLUMN

Storms over the Channel

luckless corporate financier, who FT-SE Index: 3131.5 (+15.3) talked indiscreetly about its forthcom ing rights issue, will enhance Swiss Hogg Group Bank Corporation's maverick reputation. Yet despite the ticking-off, SBC will retain an important role in Euro-tunnel's fund-raising. Its agreement to sub-underwrite Link's portion rights he helped cement a deal between contractor and builder. SBC is also likely to play a big role in the gold detriment SBC has trodden on the toes of the City establishment before. It gatecrashed BZW's enhanced scrip dividend party when it perceived the mar-gins were too fat and launched a competitive auction for the rump of

Trafalgar House's rights issue. At a general level, it would be a welcome development if SBC could succeed in shows the cartel's weakness and inability to police quotas. Indeed, the its attempts to inject some fresh think-Saudis seem determined to expand ing into the cosy world of underwrittheir market share at the expense of ing. After all, real competition is likely to provide a more effective deterrent against the threat of cartels than stricprice. There are also the medium-term fears of the return of Iraq to the mar-ket and the rejuvenation of Russian ofl fields with western technology. The tures from the Office of Fair Trading. By applying its expertise in deriva-tives markets to assess the volatility of a company's shares, SBC claims it can judge whether the standard 2 per cent underwriting fee is appropriate to the risk. Such an approach has advan-tages for favoured clients, which are rapid expansion of natural gas threatens some of oil's traditional markets. guaranteed their money at less cost. The danger is that by squeezing the fees on the good deals, SBC may upset

Yet the slip in the oil price in the last few months happened despite a near-balance between supply and demand. Stocks were drawn down heavily in the quarter in Outto expand production in Land be some relies support for oil prices later, hand around in the funds will an hang around in the first.

Groupe Suez

The looming sale by Groupe Suez of its Victoire insurance subsidiary does little to lessen the confusion surrounding its strategic direction. This is not because a company anxious to maintain a profile in financial services is shedding an insurance business. Suez lacks the retail banking network that is needed to distribute bancassurance products, and Victoire is a less interesting investment since its German business was sold last year. Without Victoire, though, the Suez portfolio, which ranges from banking to hotels and steel, will look odder than before. Recent asset sales appear driven pri-marily by the need to offset losses on property lending. Exceptional gains of

FFr4.4bn from asset sales last year more than accounted for net profits of

FFr1.6bn. Provisions should be lower this year but, given the exposure of Suez to the still weak commercial property market, the improvement may be slow. Victoire may thus be the

Par Paud Meta

may be slow. Victoire may thus be the most convenient piece of family silver to put up for sale.

But Suez is also raising resources to go on the acquisition trail. Its industrial stakes may give it clout in investment banking, but such an approach the sale of the sale depends heavily on an ability to make sensible purchases. Suez will be judged as much by what it buys as what it sells. Given the discount of some 30 per cent to net assets at which its shares are trading, the equity market is not particularly con-fident. If there are resources to spare, investors might prefer to have them

Hogg Group

The prospect of a bid for Hogg Group has at least pushed the shares above 1990's 150p rights price. While Hogg is not the only insurance broker to fall on hard times, its record since the rights issue is hardly edifying. Problems in US retail broking and fine art insurance were behind the most recent disappointments. Given that troubled history, a multiple of around 25 times this year's forecast earnings at yesterday's closing price might look expensive. But potential buyers including HSBC Holdings with a 6 per cent stake - must fancy their chance of squeezing substantially more out of the business than the current manage-

Combining Hogg's US retail broking offices with a larger network, for example, could transform the outlook. That logic might appeal to an established US broker with an eye on the UK market. Even after yesterday's rise, Hogg's market capitalisation is only a shade higher than its annual broking revenue. On that measure, it is not yet expensive. If HSBC is preparing to make a full bid, it must

expect some competition.
Sadly for shareholders in other trouble insurance brokers, Hogg looks like special and A high of business and through regional offices makes Hogg an unusu ally predictable target. Any potential bidder for Steel Burrell Jones - whose shares rose in sympathy with Hogg yesterday - would run the risk that its prized London market brokers would jump ship. The long awaited shake-out among insurance brokers is still not at

September 2000 miles

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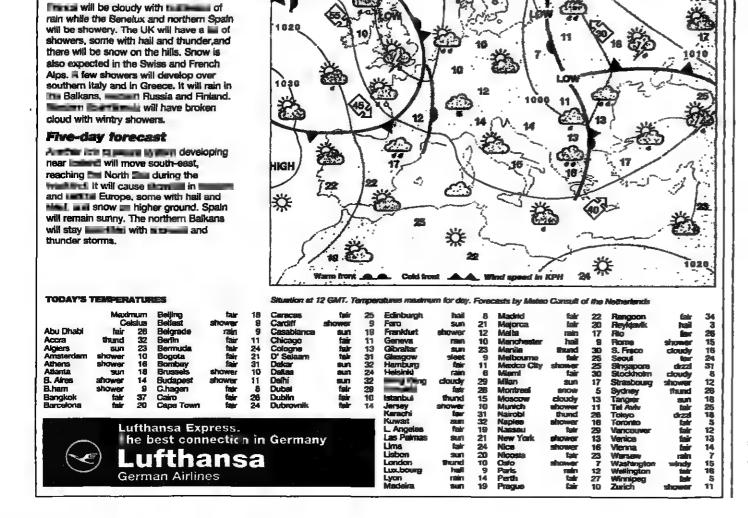
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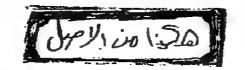
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FT WEATHER GUIDE





FINANCIAL TIMES COMPANIES & MARKETS

Thursday April 7 1994



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17 - 2022 -

CarnaudMetalbox falls 14%

CarnaudMetalbox, the Angio-French packaging group, announced a 14 per cent fall in net profits to FFr835m (\$143.22m) for 1983 and expressed caution about prospects for the current year.

Creditors back US airline plan America West Airlines, the last big US airline still in Chapter 11 bankruptcy protection, has won its creditors' agreement to an amended reor-ganisation plan aimed all bringing the company out of bankruptcy by early autumn. Page 17

Corning matches expectations
Corning the US glass and high technology manufacturer, matched market expectations in the first quarter with a 12 per cent rise in underlying earnings per share. Page 17

US oil industry wakes up to low prices
The US oil industry is only now coming to grips
with the prospect of a prolonged period of relatively
low oil prices, says Mr Larry Fuller, chairman and chief executive of Amoco, the fifth-largest American oil company. Page 18

Strong growth for hongs Hong Kong's hongs all hold respectable land banks at a time when demand is far outstripping supply, and last year saw strong profits growth for the conglomerates. Page 19

Customers lift restaurant group City Centre Restaurants, the UK group which owns the Deep Pan Pizza and Garfunkels chains, Hited profits last year almost 15 per cent, after



Siebe, the international controls and engineering group, is to acquire the NAF group, Sweden's main valve and valve systems manufacturer. for £21m (\$31m), making it Europe's leading control valve producer, Mr Allan Yurko (left), chief executive. described the acquisition

as a "perfect fit" from
a segraphical, product,
and market sector point it view, Pags 21

Indices to include for the spic and Yendôme Rothmans and Yendôme I way Group will be included in UK stock market indices next year under a rule approved yesterday by the FT-SE Actuaries Share Indices Committee, Page 21

Trial by fire in Argentine
Argentine has been one of the worst performing
Latin American equity markets so for this year,
living through its first trial by line in internations financial markets since making the currency convertible and all the fixed exchange rate three years ago. Back Page

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178 Licycis Benk Metional Power

By John Ridding In Parts

Mr Pierre Suard, chairman of Alcatel Alsthom, the French energy, telecommunications and transport group, has con-firmed his forecast of a fall of between 10 and 20 per cent in net profits this but expressed optimism about the medium and long term.

Announcing net profits in FF77.06bn (\$1.2bn) for 1555, Mr Suard said the group had the technological and international strength to profits growth, although the timing of recovery would be determined by economic condiin main European

We are seeing in the encouraging signs arising from technological efforts," he said. was well positioned advantage of opportunities multimedia multimedia its dominance in markets for high-speed trains and communications

Mr Suard confident little a contract to supply high-speed trains in South it would infinalised shortly. The group is also expected to control of Framatome, it is also expected to the control of nuclear prove didden gran which is in the privatisation. difficult year, saying the

Alcatel optimistic despite forecast of profits fall

For 1994, however, Mr Suard forecast a the German, Italian and Spanish telecompetition wall combine with the group's high development spending to the profits.

Mr Suard described the performance of the pe

mance as "very favourable given the economic environment". I'm debts were from Tom to FFr7.25bn, largely because of cashflow of FFr16.61bn. Earlier this month, group announced a FFr5bn convertible

slipped from Princeto to Europe accounted for II per while contributed in cent. All the group's divisions of the part sales, our far batteries. profits M from sended to

Pre-tax profit (SKr billion)

FFr8.37bn in division, and from FFr2.67bn Land in III cable operations. GEC-Alsthom, however, W transport and engineering engineering jointly owned with GEC of In UK raised operating profits from FFr3.58bn ₩ FFr4.17bn.

Net income was also constrained by a FFr2.5bn restructuring charge, pared with . Charge in I MD spending inched ahead to FFr15.2bn. A dividend 🔟 FFr15 📗 🚃 posed, compared with FFr14.50.

Astra takes over Japanese drugs venture

Stockholm and Emiko Terazono

Astra, the Swedish drugs group, has finalised a SKrl.8bn (\$230m) deal with its Japanese partner Fujisawa, strengthening un position in the world's second largest pharmacauticals market. The agreement lifts Astra's

in Fujisawa-Astra 📖 🕦 📖 cent, from 🔳 📂 cent, and gives it full management control.

The Swedish group will also buy back the product rights for local anaesthetics business from the Japanese group. Fujisawa will retain II per cent of the

venture and support II with manufacturing distribution

Astre, one of the world's lastest growing pharmaceuticals compa-nies, said the move was designed to bolster the position of its antiasthma drugs in the Japanese market in the second half of the 1990s. "Our partners were reluctant to invest in the development of new inhaled anti-inflammatory adding agents such as Pulmicort," it stated.

Pulmicort, Aura's mound biggest selling drug with 1993 Miles SKr2.96bn, has yet m launched on the Japanese mar-

The rise and rise of Astra

haler inhaling device, will 🦐 filed for approval in Japan next year, and other anti-asthma prod-

ucts will be filed later. Mr Hakan Mogren, Astra president, said: "Astra has substantially increased its influence over transfer local clinical research on Turbuhaler and other anti-asthma me this com-

Aitm will continue in buy le local anaesthetics from Fujisawa, but by gaining the marketing rights it will

higher share of profits. through Fujisawa-Astra manufact to Terribe had year. The figure include two-thirds in Japanese in in Losec, the anti-ulcer agent wire is the world's biggest ulcer drug

Analysts and the deal with

Fujisawa would give Astra greater anum over in Japanese operations, but added that II might be moderately dilutive in

Martin Dickson looks at the implications of two abandoned US telecommunications deals

ica's **Talermetian** super-highway" is looking increasingly

Bell, the large Texas-based local nited that I was made television operations all Cox Enterprises, private media

Just six weeks ago Bell Atlan-tic, the Philadelphia-based phone group, and Tele Communications Inc (TCI), the largest US cable company, said they were calling off a \$22bn merger which Mr Ray-mond Smith, Bell Atlantic's chairman, had once hailed as "a model for communications companies in the next century".

21 19

The idea was that large telecoms and cable companies, which are potential rivals in developing the information superhighway -a network offering advanced, interactive, multi-media entertainment and services - would do better to form partnerships to pool their respective expertise. Cable companies are good at providing entertainment services, while telephone companies have much greater expertise at routing two-way communications traffic.

The collapse of the deals suggests a latridicus multi-media services will proceed more slowly than its most vision-ary proponents have been suggesting, and will not involve many full-blown mergers between telephone companies

and large cable networks. That said, America's leading phone and cable companies remain strongly committed to pouring billions of dollars into the development of an information superhighway, even though it remains far from clear how substantial the financial payback from this investment will

Both Bell Atlantic and Southwestern Bell have blamed the unravelling of their deals on the Federal Communications Com-

With the juggernauts Smash-up delay on 'information super-highway'

mission. In government agency which oversees the communicasector, and on mile legislation with tighter man TV prices after public criticism 🔟 🍱 escalating charged by these essentially monopolistic companies.

In February, the FCC, Lucar III new chairman, Mr Rent Burdt (a main administration appoinmile companies to art by 7 per cent in charges in consumers for a basic package of television channels. Bell Atlantic and Southwestern Bell say the resulting reduction in cable companies' cashflow undermines the financial assumptions on which their deals were based.

Rate re-regulation has certainly increased financial uncertainty in the cable industry, and diminished the immediate financial attractions of the sector to the local telephone companies, which are themselves heavily regulated and want to get into less controlled business

However, analysis suspect that there is more to the collapse of the two deals than can be laid at the FCC's door. Certainly, in the case of Bell Atlantic/TCI, sharp differences in culture between the staid telephone company and the free-wheeling cable operator appear to have played a role, as well as Wall man anxiety the deal's cost to Bell Atlantic. If use superhigh-

telephone as glittering a financial future as industry learn claim, should not they be willing to ride out a short-term dip in cable cashflow? The problem is that no one knows just how profitable, and when, multi-media will

vide them. It is far from certain will actually was last services, ranging from movies on demand home shopping and computer

These factors suggest dim telephone companies will continue in press the with its lital investment in multi-media meteoria of their own, they will proceed gingerly with involvement in gingerly with try, making either relatively country where they in not it a phone service, point On the real bid has piowhich in January regional phone company in buy a system outright, acquiring him in the sub-

Despite Southwestern's complaints 😘 🖚 📥 🖽 🖽 📥 industry's flow, Washington operations they in in wealthy han ng gwanda galwaig a talifai anhigh.

Another route was pioneered last year by US West, un Denverphone acquiring a per cent in Time television entertainbusiness.

Time Water is planning to out a multi-media field trial to 4,000 homes in Florida, but the launch is has postponed hum this man the autumn became of technical difficulties - a delay "Him additional questions speed at which III information highway will is built.

Dresdner Bank may unveil plans to raise capital in US

By Christopher Parkes In Frankfurt

second biggest private sector is to amounce pians tomorrow 🕍 raise funds through private placing of Receipts in the US. Daimler-Benz, the country's largest industrial may in unveil further it is previously today's meeting today's meeting it supervisory board.

According to German pers, Dresdner will be me financial institution in the US route, aiming main around DM1.3bn (\$780m). fart afficials said wy such measures would be unveiled by Mr Jürgen Sarrazin, chairman,

Full details of at Daimpayout, are likely to come at its press conference Tuesday. Mr Gerhard Liesen, finance director, H aiming 🕮 a capital to bring in around

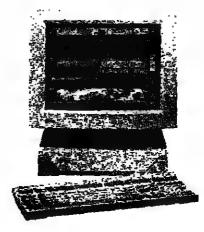
While the ADR placing will not involve the land in greater financial della as was the case with Daimwhich was granted a full list-last the plan underlines growing eagerto min wider to the largest capital

at in press reduced. There is a great list of the review last year's reduced the man reduced in investors' also expected to announce an increase at least DM1 on the back in high stock market valuations. Car groups BMW Porsche Lan His unveiled plans for rights lumas

Analysis have their expectations of German banks' Deutsche Bank's 16 per and increase in INII operating carnings. One esti-Dresdner could announce 25 improvement the operating level.

Expectations Daimler up far lower - a DM2bn | will made in the first nine months, according in US accounting rules. Mi Edzard Reuter, chairman, has in a mi profit of DM600m for the full year, according to

SPARCS



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prove for the companies that procauses Eurotunnel stir

By Charles Batchelor and Maggle Urry in London

A row involving Eurotunnel, its financial advisers and Swiss Bank Corporation (SBC) took a surprise turn yesterday with a ban on a senior SBC executive part in Euroinnnel's proposed £600m-£750m (\$876m-

\$1 lbn) rights HIII i financial adviser in Transmanche Link (TML), the construction consortium which built the Channel tunnel. The dispute over SBC's role in the rights issue threatens to take the gloss off the payments settlement reached on Tuesday between

Eurotunnel and TML. Sir Alastair Morton, co-chairman of Eurotunnel, which will underwriting. He had played a vative ideas to a staid system. operate trains through the tun- semior role in negotiating the set-

nel, announced that SBC had confirmed We Brian Keelan, a senior corporate Land executive, would play no part in the underwriting.
Mr had milled Sir

Alastairs will by revealing that the rights Imme might be as large as £750m. He had wiritated Eurotunnel's advisers, Morgan Grenfell, Banque Indosuez and SG Warburg Securities by appearing a exaggerate SBC's role in a rights issue. tunnel said yesterday: "com-ments by Mr Keelan on that issue, in possible timing and underwriting were improper,

الطوليلية لينا تجريها was keen me play down the involvement & Mr Reals in the

Branch Carlot Ca

tlement between TML and Eurotunnel, but would not have a part in the underwriting, SBC said. SBC will still play an important role. As well as handling a

£75m share issue to TML and a £52m funding deal linked to warrants, it is expected to be responsible for a quarter of the primary underwriting of the main issue. banker said: "They used the underwriting of being taken up by TML to push into the transaction

and trodden on the toes of Euro-

tunnel's traditional advisers." As part of its efforts to expand in the London market, SBC has taken to attacking accepted practices and undercutting rivals, or, as it might argue, brought inno-

CarnaudMetalbox, Anglo-French packaging yesterday announced ■ 14 per cent fall in net profits III FFr835m (\$143.22m) for 1993 and expressed caution about described 1993 as a tough 'In half 🎳 Europe, currency translations reduced our profits by about 10 per cent compared with 1992. In the 🔳 🛲 half, packaging markets suffered the worst decline in about 20 Pricing pres-

Mr Hintz added IIII preson prices and volumes resulting from the impact of remained _____ A

ing any meaningful profit improvement for the year, at this stage". The group decided, however, to maintain the dividend at FFr4 per share.

According to Mr Hintz, the decline in the group's performance in 1993 had been limited by cost-saving restructuring and the benefits of acquisitions. These included Anchor Hocking, a US food packaging group, and food-can companies in Hungary and Finland. In the group's health and beauty division, the group acquired Zeller Plastik, manufacturer of plants closures.

The acquisitions represented

4 per cent contribution last year's FFr24.34bn, ■ 2 per cent decline on the 1992 figure. Excluding currency effects, however, by

a similar proportion. The total of last year's acquisitions was FFr2.5bn, although the limited FFr982m through the disposal of non-strategic businesses and solid cash flow.

Operating profits by 16 per cent, or by 10 per if currency are CarnaudMetalbox said the decline in profits entirely the result of particular difficulties in the European beverage cans market, weak demand in Germany and specific problems in Auda

In the bulk of the group's businesses, accounting for about 75 mm in turnover, the company said that fam reductions and productivity improvements wie compensated for market condi-

SE-Banken sells Swiss unit

In Stockholm

Skandinaviska Enskilda Banken, lim leading Swedish commercial bank, has announced the Banque Scandinave en for more than (\$250m). The buyer in the annual Family Foundation of Lausanne. SE-Banken

precise terms for deal, but said II would I "signifiearnings and "limited positive impact" on lie capital

a private lele bank

(\$15.2m) profit last Maria SFri.3bn December III | IIII Mr Lars Isacsson, SE-Banken

chief financial de, said the sale was part of the group's programme to concentrate on core Earlier this year III bank sold three subsidiaries within the Finanspart of strategy.

Mr SE-Banken

planted in remain involved in fund and management, we we emphasis would be up dhave en Suisse developed Scandinavian flavour," he

management, made ■ SFr22m tance to the group had diminished as European integration had progressed. The bank intends to retain a private bank in Luxembourg to serve international clients.

Ill Braken Last treased a stake in BSS since 1964 when operation up in partnership with other Scandinavian banks. Al the aline of this year II held 79 per cent of the buying the outstanding Northern Trust Corp of the US

a month ago.
The Sandoz Family Founds. tion was set up in 1964 to maintain a 10 per cent voting stake in Sandoz, the Swiss pharma-

AP Moller advances to DKr2.91bn

AP Moller, the shipping and oil and gas group, increased pre-tax profits to DKr2.91bn (\$434m) last year from DKr2.29bn in 1993, while profits increased to DKr1.98bn hour DKr1.53bn.

Turnover in the shipping business, Tankers & Liners in Partnership, rose to DKr24.1bn

Turnover in Oil and Im Partnership, which is engaged in production of ofl and from the Danish North Sea, limited to DKr3.47bn from DKr3.3bn and profit to DKri34m from DKri27m.

An increase proposed in the paid by the twin parent companies, D/S Svendborg and D/S 1912, both listed the Copenhagen Stock Exchange. The dividend from

DKr224m from DKr178m.

Group meets increased to from DKr38.1bn equity capital in DKr19.3bn from DKr17.6bn. The preliminary report desired the results Line, operates container-carrying

Strategy changes help Cerus reduce loss

Cerus, the French holding company controlled by Mr Carlo de Benedetti, the Italian industrialist, achieved a sharp reduction in net losses last year, to FFr251m (\$43.05m) from FFr1.55bn in 1992

The group said the improved performance reflected its strategy of focusing on industrial activities and cleaning up its finances. Mr de Benedetti said the company was "in a position to prepare for take-off

again". The reduction followed reduced losses at its banking operations and a solid contri bution from Valeo, the French vehicle components group in which Cerus holds a 30 per cent stake.

Losses at Duménil Leble, the group's banking operation, fell to FFr363m from FFr1.34bu. Cerus said that its management had been "re-centred" in France, Luxembourg and Belgium and that the bank's prin-cipal risks had been resolved. Cofir, the group's financial operation, contributed profits of FFr26bn, despite difficult

onditions in Spain.
A much larger contribution, of FFr206m, came from the group's investment in Valeo, despite the downturn in the European vehicle sector. Cerus described Valeo's prospects as 'particularly promising" and said its participation would remain at the centre of the

group's strategy. In addition to curbing group losses, Cerus also achieved a sharp reduction in debts, partly through the sale of assets. Net debts, according to the group, were FFr108m at from FFr1.45bn at the end of

Foncier lifted III gross operating profit by the net still a profit rose 25.4 per seal FFr 615m dur-ing the Li mouths December 31 Lat Reuter reports from Paris. The group's total loan book grew 4 per cent to FFr333bn. Subsidised loans fell 3.5 per cent and outstandings on long-term market sector loans rose 24 per cent.

Sainsbury joins European alliance

By Neil Buckley in London

J. Sainsbury, W. UK food retailer, is joining three continental European retailing groups to form a partnership which will be one of Europe's largest retail associations.

Other members of the group, be known as SEDD, are Esselunga, the family-owned group that is Italy's third largest retailer; Docks de France, one of France's biggest grocery groups; and Delhaize "Le Lion", Belgium's largest super-

market operator. Mr Michael Morgan, Sainsbury's director of international

buying, said the partnership was more than a buying group, but a "multi-functional" alliance. "This will be a strong pan-European association of leading and respected companies, a group that could benefit many people," he said.

"If we go into something like this, we will not be keeping one hand behind our back. There has got to be a relationship of trust and mutual

He said all members would exchange knowledge in areas such as information technology and systems. There may also be co-operation in marketing and distribution. Sainsbury's partners may benefit from its expertise in developing own-label products.

The four groups exert considerable buying power, but Mr Morgan said while buying would be co-ordinated, it would not be centralised. He added that manufacturers

would gain from the partnership, with the opportunity eventually to launch products in four markets simulta-Mr Morgan said the groups,

which all retain a strong family influence, were "culturally alike". There were, however, no plans to strengthen the relationship, for example through

cross-ownership of shares. Last year, Sainsbury developed links with Docks de France, which operates the Mammouth hypermarket chain, leading to the decision to formalise the partnership. The UK company and Docks de France is to open a jointlyowned off-licence in Calais at

Holding

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FT Surveys

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the end of this month. As growth opportunities within home markets diminish analysts expect more retailers to be pushed into alliances. Argyll, the UK's third-largest grocer, is already a member of the European Retail Alliance, with Ahold of the Netherlands and France's Casino.

Crédit Lyonnais

restructures

management.

By Alice Rawsthorn in Paris

Crédit Lyonnais, the troubled

French bank, is restructuring

its international manageme team as part of the new strat-

BNL held back by provisions

Crashinal as group profit Banca del Lavoro, the Italian Treasury-owned bank, dropped in in following write-offs am capital losses, depreciation and bad BNL provisions were in line with prudential

standards, and the group's policy of strengthening its financial position. Before adjustments,

Suez, the financial and

hopes by early summer in any clude the see of Victoire, its insurance business, Mr Okean Worms, chairman, said.

Victoire has been for

since last autumn when Suez,

which on Tuesday announced

a return to the black with a net

profit last year of FFr1.6bn

L2,696hn, up 31.3 per cent on the 1992 figure of L2,054bn. The group, which has under-

gone reorganisation over the last two years, including transformation into soint stock company, Lalabn to depreciation and related L285hn in cover in on investments: Interest to bad debt reserves; and L304bn to other A further deferred interest payments,

Suez sees summer sale of Victoire

(\$270m), took full control of the

company by acquiring the minority shareholding previ-

ously held by Union des Assur-

European companies" had expressed interest in Victoire,

which is valued at FFr18bn in

Suez's accounts. He added that

bidders had been asked to sub-

mit satellis again over the

next few weeks. A little of

Manchester Utd ahead in first half

Mr said that

ances de Paris.

group reported ■ surplus of and L549bn for debt write-offs. In February, BNL unveiled a strong increase in parent com-pany profits for 1993. The parent company's gross operating profit rose 68 per cent last year

The group's total austom deposits rose by just under 2 per mut last year to L84,033bm. while total deposits L135,957bn. The group's loans to clients grew by 4.8 per cent to L100,800bn, out of total loans of L146,014bn, up 11.4 per cent.

prospective purchasers, including BAT industries, its UK conglomerate, have already

withdrawn from negotiations.

of an aggressive programme of asset disposals by Suez.

Mr Worms said Suez envis-

aged a future dual role as a

financial services conglomer-

ate and a majority shareholder

of other busines

The Victoire sale forms part

egy being implemented by Mr Jean Peyrelevade, chairman. Mr Peyrelevade, who last month announced details of the loss-making bank's FF744.9bn (\$7.7bn) government-backed rescue deal, has created new positions at the top of its operations in the UK.

US and Japan. Mr Bernard Darmayan, former head of Crédit Lyonnats' currency activities in Paris, takes charge of its UK business. Mr Robert Cohen becomes head of its US operations and Mr Bernard Mignocci adopts the same role in Japan. Both Mr Cohen and general managers of Crédit

Lyonnais in those countries.

The three appointments will not, as newly created posts. involve any job losses. However Mr Peyrelevade last month announced plans to reduce Crédit Lyonnals's 32,861-strong workforce out-side France by 4 per cent over the next three years. Meanwhile Mr Jean-Yves

Haberer, whom Mr Peyrelsvade replaced last autumn as chairman of Crédit Lyonnals, yesterday appealed to the Con-seil d'Etat, the government body, to challenge the legality of his dismissal last week as chairman of the Crédit National banking group.

By Hilary Barnes

DKr1.45bn from UKr1.45bn

t per DKr1,000 from 45 per cent, and from UV8 Svendborg will per than force 60 per cent, with the total up w

By Tim Burt in London

Manchester United yesterday shrugged off disappointment at in unimenal form and suspension by players by unveiling 65 per cent increase in first-half profits. The UK football club saw pre-tax profits grow to £7.6m (\$11.09m) from £4.62m in the

six months to January 31, as to £10.68m, while merchandise the club benefited from greater stadium capacity and success in cup competitions.

announcement prompted a 15p increase in 🚛 share price to 675p - reversing losses following recent defeats and representing a 75 per cent gain on the 1991 flotation price.

turnover jumped threefold to 26.68m. Together, they underpinned a 75 per cent increase

in total turnover to £22.8m. Earnings per share rose from 25.8p to 43.2p before switching funds to the transfer reserve, and 28.8p afterwards. An interim dividend of 6.5p is declared, up from 6p.

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COMMISSION FOR THE PROMOTION OF PRIVATE INVESTMENT COPRI

ANNOUNCEMENT OF PRIVATISATION

The Special Committee for the Promotion of Private Investment in Banco International del Perú, appointed by the Government of Peru, through the Commission for the Promotion of Private Investment, COPRI, announces the sale of the totality of the Peruvian Government's participation in:

BANCO INTERNACIONAL DEL PERU



Interbanc has Perú's second largest network of retail branches and in the country's fourth largest commercial bank in term of assets.

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> Luis Hidalgo Viacava, President Av. República de Panamá 3055 Centro Comercial Continental, Of.20 Lima, 27, PERU Telefax: (5114) 41-9396 ur 41-9424

For additional information, please contact:

Crédit Commercial de France Paris Francois Lagrée

Socimer International Madrid, España Salomón Benatar

CCF/Socimer-Perú

Tel: (331) 4070-7040 Fax: (331) 4070-7075

Tel.: (341) 542-2300 Fax: (341) 547-4719 Lima Guillermo van Oordt

Tel.: (5114) 429869

Fax: (5114) 416422

Financial Services Act 1986 (PSA).

Lima-Perú, March 1994 THE SPECIAL COMMITTEE

1993 results up by 64% Net income excluding minority interests of FF 1,449 million (USD 245.8 million)

Compagnie Financia de Paribas' consolidated in financia personnel FF 2,780 million (USD 471.5 million), including minority interests, and in FF 1,449 million (USD 245.8 million), excluding minority interests, against respectively FF 2,214 million (USD 375.5 million) FF 886 million (USD 150.3 million) in 1992.

1993 was minimal by very strong performances in capital married and liability management and the which managed in make the most of a buoyant and and by corporate banking and while making performed well in America and Asia but which were affected by the economic minimum Continental Europe and particularly in France.

Results

(in million)	19	93	1992	VARIATION	
	FF	USD*	FF	3N %	
- Total revenue from operations of which:	32,684	5,544	28,962	13	
 net banking revenue net others revenues 	31,315	5,312	25,878	21	
from operations - General and administrative	1,369	232	3,084	(56)	
expenses and amortisation	19,602	3,325	17.677	11	
- Net income from operations	13.082	2,219	11,285	16	
- Provisions for loan losses - Total net income (including	8,778	1,489	7,645	15	
minority interests) - Net income (excluding	2,780	472	2,214	26	
minority interests)	1,449	246	886	64	

Groupe Paribas' net worth

4 USD 1 = FF 5.8955

(in billion)		1992	
Including 1993 earnings	FF	USO	FF
Total net worth Estimated net asset value*	59.5 81.7	10.1 13.9	56.1 72.3
 excluding minority interests per share 	58.5 643 FF	9.9 109.1 USD	50.1 582 FF
			-

* Calculated as usual without including any goodwill

9.4%

The 16% increase in net income

from operations reflects: - a 21% rise in net banking revenue, -
- Till decrease in net other revenue from

operations. · III increase in general and

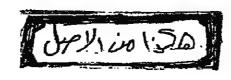
The 15N rise in allocation to loan | provisions reflects mainly lie deterioration

of the European corporate The manual authorities in the mail estate remains stable - of had been provisions. In me outstanding from III Groupe Paribas to real estate professionals and to FF 27.9 Million 4.7 unchanged of IIII Average 🔤 📥 coverage 🗷 now 22.4%, up from 18.5%.

Dividend unchanged at II 12 (USD 2.04)

it will be proposed to pay to sharebo an unchanged dividend of FF 12 (USD 2.04) per share with a FF 6 (USD 1.02) tax credit. As usual, 🖦 sbarebolders 🔤 🚾 🛶 📫 choice between a dividend payment either in cash or shares.

The Annual General Meeting will take place on May 26, 1994



INTERNATIONAL COMPANIES AND FINANCE

CS Holding lifts voting stake in **CS First Boston**

By Richard Waters in New York

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CS Holding, the Swiss financial group whose interests include Credit Suisse, has lifted its vot-ing stake in the investment bank CS First Boston to more

than 75 per cent. The increase, from 68.5 per cent, takes the group closer to its objective of gaining outright ownership of the invest-ment bank, which is in the middle of a worldwide reorgan-

However, a number of institutional investors, led by Met-ropolitan Life, the US insurer, has rejected an offer from CS for the remaining voting

CS said yesterday that it had bought the shares previously held by five of the investment bank's 12 institutional sharebolders.

The largest seller was Mitsui Trust and Banking, which had owned 1.8 per cent. Three of the others were Japanese life companies and the fifth was a European investment manager, CS said.

group's interest in the investment bank's voting shares to 75.7 per cent from 68.5 per cent, and in the non-voting shares to 63.2 per cent from 59.8 per

The Swiss group said that its intention generally was to own all of the shares in its subsidiaries, though it believed that beneficial III the employees of an investment bank to have an economic

interest in their business. Employees of CS First Bos ton are thought to own around III all ill company's

The buy out approach from some if the institutional holders, who had expressed a desire to sell, CS

Metropolitan Life, will owns III cent II In voting stock, and Crescent Diversified, an investment cent, were among those that turned down the offer, death of which was not

Eli Lilly set to benefit from new heart drug

By Daniel Green

The biggest clinical trials yet conducted for Centors, a new heart drug to be marketed by US company En Lilly, show it helps up to 35 per cent of patients, according to results published today in the US and

tomorrow in the UK.
US and European approval
and laminch of Centors are likely during 1995. More than \$50,000 patients a year are potential recipients of Cantorx, said Mr Robert Califf

of Duke University Medical Centre, one of the authors of the two papers.

Annual sales will be up to

\$150m a year, according to Dr Jonathan Gelles, an analyst with Werthelm Schroder, secu-rities house, and hirther appli-cations for the drug are being studied. gest US drugs company, Roche, of Switzerland, and Cor Thera-

peutics, a northern California biotechnology company, said Dr Catiff Cantocor, a US biotechnology company in which Lilly has a near 5 per cent stake. The mer-

Centorx was developed by keting rights to the drug reverted to Lilly when another of Centocor's drugs, the sepsis

treatment Centoxin, falled to make it limited trials

more than a year ago.

The success of the drug is important a Centocor. The failure of Centorin pulled its atock market capitalisation down to just over \$200m from \$1.2bm in August 1992. It has now recovered to \$500m.

The clinical trial results, published in today's New England Journal of Medicine and in Saturday's The Lancet, show that Centors improves the success rate of a common procedure called coronary angioplasty, in which a small balloon is used to widen a per-

tially blocked artery.

Angioplasty is cheaper than either of its two main alternatives: bypasa surgery and treatment with the drug TPa. TPa is from Genericch, another biotors from the University of Texas Southwestern Medical Centre, writing in the New England Journal of Medicine

The clinical trials studied the effects of the drug in 2,099 patients. They indicate that the drug cut the failure rate of coronary angioplasty in high risk patients to 8 per cent from 13 per cent after 28 days and by slightly less over six months

Corning starts year firmly

Corning, the US glass and high technology manufacturer, market expectations in the first quarter of the year with a 12 per cent rise in underlying earnings per share. The advance came from the optical fibre and cable business, as well as environmental substrate. This more than offwhat Mr James Houghton, chairman, called "a significant loss of revenues" in its clinical

Net income rose to \$56m or

28 cents a share from \$49.8m or 26 cents (25 cents before a one-off item) the year before. Sales advanced to \$949m from \$817m. with half the growth due to the acquisition of Damon in the

second half of last year.

The contribution from joint venture companies doubled to

It reported a strong performance from Dow Corning, the joint venture company at the centre of a global breast implant settlement which last quarter caused Corning to take a \$203m charge against profits

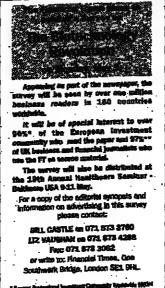


Hannah Pursall

FT Surveys

Cheung Kong Finance Cayman Limited U.S. \$500,000,000 Guaranteed Step-Up Floating Rate Notes due January 2001

April, 1994 to 6th July. 1994 the Notes will carry an interest rate of 4.5375% per annum. with an interest amount of U.S. \$57.35 per U.S. \$5,000 Denomination Note and U.S. \$1,146.98 per U.S. \$100,000 n Note, payable on 6th July, 1994.



Creditors back America West plan

By Richard Tomkins in New York

Airlines, the last big US airline still in Chapter 11 bankruptcy protection, said it had won its creditors' agreement to an amended reorganisation plan aimed at bringing the company out of bankruptcy by early autumn.

The scheme will deliver effective control of the pany the investment group that brought Continental Airlines out of bankruptcy last year and which owns 28 per cent of Continental. The reorganisation plan

incorporates a co-operation

which two airlines will work together in a number of operational and marketing areas - for example, sharing flight codes on the same routes and merging their frequent-flyer programmes.

Mr Bill Franke, America West's chairman, said the benefits of this alliance would be worth at least \$40m a year to America West. But he stressed that the airline would remain independent, we with its separate Phoenix hub and

The reorganisation is by a consortium called Am-West Partners. This led

group that brought Continental out of bankruptcy. of M Partners' principals is Mr David Bonderman, Continental's non-executive

chairman. Other investors in AmWest Partners era Continental itself; Airlines, regional carrier based in New Mexico; and Fidelity Investments, a specialist in bank-

ruptcy rescues.

AmWest Partners will invest up to \$244.9m in return for a 33.5 per cent stake in America West. The unsecured creditors, who rejected an earlier plan offering them U per cent the company, will now = 59.5

agreement between America Air Partners, the investment per cent; current shareholders will and GPA Group, a secured creditor, will get 2 per cent.

Although this structure appears to leave AmWest Partners with a minority stake in America West, some of its shares carry more votes than the other shareholders', giving it more than 70 per cent of the

 Continental Airlines, which froze employees' and then cut it while in Chapter 11 bankruptcy protection, said it was resuming pay increases -but also said it would cut 1,000 jobs from its workforce of all over the next few

Strong first quarter for Charles Schwab

By Richard Waters in New York

Charles Schwab, the San Francisco-based retail broker. has confounded gloomy predictions for stockbrokers' firstquarter profits. It indicated that its earnings per share had risen by 10 cent in the period, to 66 cents.

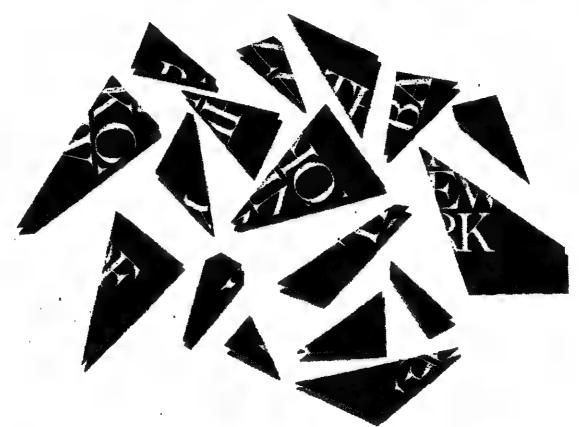
Schwab, which specialises low-cost dealing services, added that we amount of share trading it handles had not fallen in recent weeks, despite the decline in US stock and bond prices, and that volumes continue to be "robust".

In January, Mr Charles chairman, ---first-quarter earnings unlikely to match the exceptionally strong first three months of 1993.

But yesterday, Schwab said full figures to be published later this month would show net income of \$39m, or 66 cents a share, against \$35.4m, or 60 cents, in the earlier period. Schwab handled an average

of 33,000 trades a day during the quarter, up from 29,700. The company's shares jumped \$1% to on the news, before falling back \$28 by morning New York.

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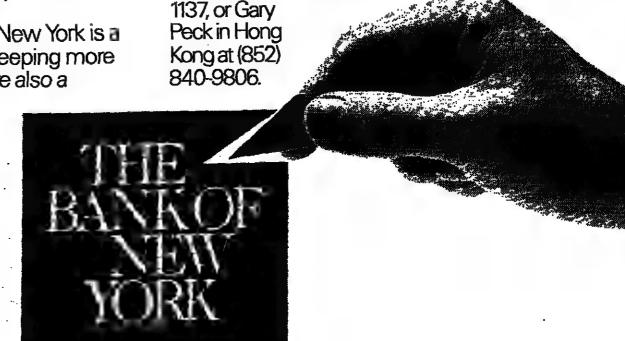
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Philips Electronics N.V. (The Netherlands)

ORDINARY GENERAL MEETING W SHAREHOLDERS

to be held on Thursday, May 5, 1994, at 2.00 p.m., in the BEURS-GEBOUW EINDHOVEN, LARDINOISSTRAAT 8 (at the north side of the central railway station), EINDHOVEN.

The items on the agenda are as follows:

- Opening.
- 2. Report on the activities of the Philips group in the financial year 1993.
- Report of the Supervisory Board on the financial statements for 1993.
- Adoption of the 1993 financial statements and property of a dividend.
- 5. Proposal to effect a legal merger between N.V. Philips' Gloeilampenfabrieken and Philips Electronics N.V.
- 6. Composition on the Board of Management.
- Proposal to authorize the Board of Management for a period III months to acquire shares in IIII Company.
- Any other

The complete agenda well as the proposal to what a legal manus with deposited for inspection and are available the charge the office of III. Company (Philips Finance Securities), Groenewoudseweg 1. Eindhoven and if the head in the banks like below.

in so far as this laid down in the Articles of Association, the proposals for nominations, together with information relating in the personal proposed, deposited for inspection and we available in of charge in of Im Company (Philips Finance Securities) and III the ABN AMRO Bank N.V., Herengracht 595, in American

Shareholders (II Philips Electronics N.V. Will will be about the meeting, either in person us by much must notify in Company not later than April 11, 1994 before 12.00 hrs. The following regulations apply:

A. HOLDERS OF SHARE-CERTIFICATES TO BEARER:

They should deposit such certificates, not later than April 28, I before 12.00 hrs, iii one iii the following iiii exchange iii a receipt iii iiii will entitle the holder was marked to the meeting.

ABN AMRO Bank IIII in Amsterdam, Herengracht III or in Init in Co the Company (Philips Securities).

In the United Kingdom: Hill Samuel Ltd., London.

at the Marka designated has been proposed. Further particulars can be obfrom Hill Samuel Bank Ltd., London.

B. HOLDERS OF REGISTERED SHARES:

They must notify the Company not later than April 28, 1994 before 12.00 hrs in the way indicated in we letter of dealers and sent to them by or on behalf of Mar Company:

- with respect to shares of the Eindhoven Registry: at the office of the

 respect to shares of the New York Registry: at the office of Citibank, N.A., Equity Department, 111 Wall Street, MI Floor / Zone 2, New York,

Requests for copies of Philips Annual Report 1993 should be will be Hill Seemel Bank Ltd. 4E Beach Street, Limiton EC2P 2LX, ... III Philips N.V., Securities Dept., LAND VO-p, P.O. 418, MD Eindhoven, The

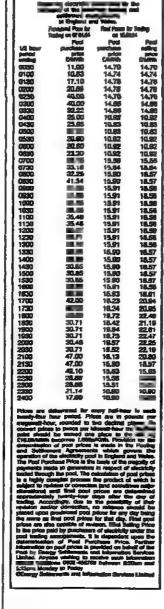
Eindhoven, April 7, 1994

The Board of Management



PHILIPS





INTERNATIONAL COMPANIES AND FINANCE **Cummins**

Judge hits at AT&T/McCaw deal

Changes are in store for the US oil industry, as Amoco chairman

Larry Fuller: shake-up aims to acrap unnecessary management levels and 'put less distance between chairman and shop floor'

discovered.

He described low oil prices

as "self-correcting" and said there were signs of strengthen-

ing gasoline in in

Low prices are not only caus-

Amoco's criteria in assessing

any merger or takeover target

include "opportunities for

geographic coverage, people skills and the state of the bal-

ance sheet when you've fin-

But Mr Paller noted that

"driving out duplication"

of mergers or laborate

can "take years". He said additional

needed if companies

people on the payroll a year ment in the land

rationalisation, complementary

companies to restructure,

be said, but are also likely to trigger a broader realignment in the industry.

Larry Fuller explains to Robert Corzine and David Lascelles

By Martin Dickson in New York

 US Federal judge has raised objections
 American Telephone planned \$12.6bn takeover of McCaw Celfular Communications, though he left open the door to eventual approval of the deal.

The ruling came from district judge Harold Greene, who oversaw the 1982 anti-trust legal settlement under which long-distance phone operator AT&T soun off its seven local telephone companies into separate husinesses, known collectively as the "Baby Bells".

Judge Greene, who still montors the settlement, ruled on Tuesday that AT&T's plans to buy McCaw, the largest cellu-lar telephone service company

oil industry is

only now getting W

grips with the prospect

of a prolonged period of rela-tively low oil prices, according to Mr Larry Fuller, chairman

the fifth-largest US oil

He said that until recently

US oil companies did not have to contend with the same com-

nite sectors, and as con-

sumer electronics and telecom

to undergo radi-

Mr Fuller, who announced a

restructuring of Amoco last

grown accustomed to rising oil prices and had been slow to

His restructuring aims to

eliminate unnecessary levels of

management. "I want to put

less distance between the

chairman and the shop floor,"

The new structure will make

production, refining and

chemicals - leaner business

units. A small corporate centre

will be created and some ser-

vices now provided by Amoco

staff may be transferred to out-

Amoco looked outside the oil

industry for a model, and is

creating a structure similar to

Mr Fuller, who was in Lon-

don to brief UK employees on

the plan, declined to say how many jobs would be affected,

although there will be "fewer

from now Man Mere are

its three operating companies

cal structural change

react to recent falls.

pact, since this prevented AT&T from buying the "stock or assets" of any Baby Bell company. Made jointly with Baby Balls cellular networks in several large cities.

However, Judge Greene left open the possibility that he would eventually approve the deal, saying the 1982 agreement could be modified to per-mit this - provided AT&T showed it was in the public Analysis said the ruling was

but it could delay its completion, due over the summer. AT&T said it would move quickly to state its case and was confident it could win waiver and the

merger on schedule.

resort, and their interests in the networks which prompted this week's ruling.

Greene was responding to objections to the McCaw deal raised by BellSouth, the largest of the Baby Bells, hich is a partner with McCaw in some cellular licences.

BellSouth is using the case us so much in the Mrtine deal as to argue before Judge Gram III the Baby Bells should be allowed to unlikely to derail the takeover, enter the long-distance telecommunications market, in view of changes in the communications industry out the

They were barred from this area when they were spun off

fields which are likely to be

Amoco is one of the larger gas producers in the UK sector of the North Sea, which he said

is "somewhat less attractive"

as a result of the government

Gas also figures highly in

Amoco's plans worldwide. In the US, high demand has kept

gas prices firm despite down-

ward pressure on oil; the same

is happening in the UK.

Mr Fuller said Amoco will

focus more on selling gas

directly to users and consumers. It is also keen to expand

into power generation, and

willing to build and operate

power stations in rapidly grow-

ing markets in Asia and

Congress would allow them into long-distance after a delay

of several years.

Mr Joseph Nacchio, president of AT&T's consumer long units, True Rewards and True USA Savings, were winning back customers at a rate which was above internal expectations, Reuter reports from New

Mr Nacchio told the agency that AT&T's first-quarter earnings would have favourable news from the long

Last September, shortly after becoming president of the con-sumer long distance unit, Mr Nacchio said his first goal would be to stop the loss of

remained profitable - partly

because of its lack of exposure

to Europe, where chronic over-

capacity, exacerbated by reces

sion, has led to widespread

Even so, Amoco made only \$300m on chemicals last year,

compared with more normal

levels of around \$600m. But

capital spending this year of about \$250m on chemicals will

focus on fast-growing markets in Asia, a move which analysts

say should help boost the divi-

The company's upstream international strategy includes

participation in a consortium

of western companies negotia-ting with the Azerbaijan gov-

develop offshore reserves in the Caspian Sea. Those talks have been partly

held up by the government's indecision over whether it or the national oil company

should hold the Azeri stake in

the project, according to Mr

sion's profits.

Cummins generated a profit of \$52.6m, or \$1.42 a share, in the final reporting period The estimate conformed Learning to live with low prices

with the forecasts of most analysts. Mr Gary McManus, of Kemper Securities in Chicago, projected operating earnings of \$1.60 a share, based on sustained demand for heavy-truck engines and accelerating growth in the mid-range The company added that its

optimistic

over first

Cummins, the world's leading

manufacturer of diese

engines, has issued an optimis-tic assessment of its first-

quarter performance, writes Frank McGurty in New York

The Indiana-based company said earnings in the three months to the end of March would "meet or perhaps

exceed" its results in the

fourth quarter.
On an operating basis,

quarter

first-quarter revenues should reach the same level as in the final 1993 period, when it reported sales of \$1.12bu, a 10 per cent year-on-year gain.

Unions blamed as Lorenzo fails in airline bid

Mr Frank Lorenzo's ATX Corp is to appeal against a US Transportation Department decision denying it a certifi-cate of fitness to operate an sirline, Reuter reports from Washington. Mr Lorenzo blamed trade union influence for the rejection.

The department, in its rejec-tion of ATX's bid to start up a short-haul, low-fare Bast Coast airline, cited Mr Lorenzo's record of safety and regulatory

compliance problems.

His application was fought by surline unions, who charged du with driving two of his Lines and Continental Airlines, into bankrupicy. Mr Steve Kolski, ATX presi-

he project is also waiting a decision on an export route for the oil. Mr Fuller believes two pipedent, said that "the decision to lines will be built, one through turn down ATX was made by to a Russian port on the Black Sea and one to the south, possithe department as a political pay-off to organised labour with total disregard for bly to Turkey.
That would make a lot of the law, consumers' interests, or the rights of private inveseconomic sense," he said, as one of the main markets for tors to start their own busi-Azeri oil is likely to develop in

Mr Randolph Babbitt, Air Turkey and neighbouring Line Pilots Association president; said that "justice Amoco is also involved in has been done, and the public interest has been pro-Russia, where unresolved legal Unlike many other inte- and tax issues continue to develop the North 3 grated oil companies, Amoco's hamper Western companies,

Novell appoints Frankenberg president

that of Xerox.

Novell, the leading US computer networking software Robert Frankenberg, liming Parant executive, as president in chief executive in succeed Mr Raymond Noords. I i retiring

The appointment puts L about management succession at Novell. Ur that in planned in land over the rests to a new size case.

MALAYSIA

due NVE

LEAVIN ON LAW

Floating

provisions of the notes, is hereby given for the six months interest

period from T April 1994 to

7 October 1994 the notes

will carry an interest rate of 5.25% per annum.

US\$265.88 per US\$10.000

note and US\$6,671.88 per

Trust Company

JPMorgan

Agent: Morgan Guaranty

off electricity

021 423 3018

Powerline

Interest payable on 7 Octobe

tive, but seemed in no hurry. The issue became min ressing last month when Noveli announced aggressive expansion plans with acquisition of Wardland ra leading word processing Borland

product division. The acquisitions will late Noveli applications software market and place 1

head with Microsoft, the world's largest will want ompany. Mr Frankenberg, 46, who has VINED WORLD PUBLISHING LIBERTUD

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(IN SAFFUNCTION)

MOTICE IS HEREBY GYEN that the credition of the above manual company are required on to before 12 May 1994 to could be writing their names and addresses and the publishers of thoir dates or claims, and the unnes and addresses and the publishers of their dates or claims, and the unnes and addresses of their SECHARD HARBS of Coopers & Lybrand, SI Audrew Home, 20 St Audrew Steet, Loudon ECAA AAT, will soft Liquidate, of the mild company, and, if so required by notice in writing from the said Joint Liquidate, or by their solicitors, or presamily, to come in and power their said dotte or claims at such time, or in default thereof they will ill excluded from the mild of medianthules made before and debts are proved.

ALL ENGWIN CREDITORS MAYE BEEN WORLD PUBLIS

ALL ENOWN CREDITORS MAYE BEEN OR WILL BE PAID IN FULL. DATED 25 Much 1994 TR HARRIS

NOTICE TO CREDITIVES TO SEND CLASSES

WORLD PUBLICATIONS LINGTED

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of the above sumed company are required or before 12 May 1994 to send in writing th

before 12 May 1994 to send in writing their mates and abbrance and the particulate of their debts or claims, and the particulate of their debts or claims, and the sames use delegates of their solicition, if any, to THMOTHY RIGHAED HARRIS of Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, Loudon SCAAAY, the Juint Liquidator, of the mid Company and, if an oroganol by a solicit in white product by sudice in sulfactions, or presentily, to come in and power their mid debte or claims at such time; and plante as shall be specified in such notion, or in default thereof they will be excluded from the benefit of any deadlastion made before such debts one provod. ALL ENGUNY CREEDITORS HAVE SEED OR WILL BE PAID BY PULL.

DI THE MATTER OF

OR WILL BE PAID IN FULL DATED 25 March 1994

sonal computer group, is seen as a solid choice to lead Novell. His broad experience in soft-ware, information systems and personal computing makes him International's spreadsheet well suited to the task, analysts said.

"I have worked very closely with Novell over the pest four or five years, at HP," said Mr Frankenberg. "I am very excited about the merger with WordPerfect. It was pivotal in my to join Novell,

heading the company's per-

spent his 25-year career at because it gives us the oppor-Hewlett-Packard, most recently tunity to create a new era of tunity to create a new era of network applications and make those the natural way to use Mr Noorda, who has shaped

Novell into one of the largest and most influential companies in the software industry over the past 12 years, said he would remain chairman.

With the appointment of Mr Frankenberg, Novell has dissolved its "office of the president". The company's senior will now report the new chief executive.

Colgate in Czech venture

Colgate-Palmolive's Czech subsidiary has signed a joint-Spojene Kartacovny to produce toothbrushes, Reuter reports from Prague.

The deal calls for me to 400.000 toothbrushes made monthly at the plant in the southern Bohemian town of Pelbrimov, under 👛 US pany's label.

The companies said Czech demand was running at 12m-15m toothbrushes yearly. The Czech plant plans to export 80 per cent of its output.

GROUPE SAINT LOUIS

1993 RESULTS

Earnings remain satisfactory in adverse conditions

The Board of Directors of Saint on 31 March 1994 Consolidated consolidated consolidated consolidated

(in FRF million)	1993	1992
Turnover	34,165	35,271
Operating profit	1,534	2,780
profit from operations	1,061	1,193
Group share profit from operations	687	715
Group share of mu profit	717	774
Dividend share (FRF)	35	32

These figures a performance by the Group in a still very sluggish European economy in 1993.

The limited decline in the profit from operations (-4%) was attributable to the Group's papermaking activities in Europe, in very lacklustre economy. The agri-foodstuffs papermaking in In United States,

profit by

Group IIII profit from operations (in FRF million)	TWO	TWEE	change
Agri-foodstuffs	557		+ 11%
Paper	10.0	367	~ 23%
Holding company	(154)	(154)	=
TOTAL	ALC: Y	715	- 4%

earnings growth ■ Générale Sucrière, by ■ halt to in earnings Royal Champignon, and by improved profit from operations on Ready Meals thanks mestructuring over For 1994, the excellent 1993/1994 sugar

harvest, combined with rising mushroom sale prices, productivity gains and full impact of restructuring in Ready Meals, point I further earnings growth. Despite overcapacity in the weak

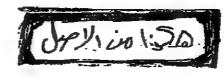
demand in Europe, the paper was held up well for two main reasons: -Arjo Wiggins Appleton's markets, which concern high value-added

sensitive to cyclical swings. Arjo Wiggins Appleton's geographical spread has allowed the Group to benefit from strong demand in certain markets, especially in

United and the United Kingdom. The quality is its merchanting network,

continuing growth in the United first signs in recovery in Europe, in 1994. Dividend I in brighter for 1994, the Board of Directors has decided

III propose III the Annual General Meeting of Shareholders to 🖿 held on June 23, 1994, 🔳 the dividend from FRF 32 to 35 per share. The gross dividend per share will thus be started in advance).



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INTERNATIONAL COMPANIES AND FINANCE

Pakistan Hongs prepare for climate change Colonial

plans to Groups are searching further afield for fresh gains, writes Louise Lucas offer 25%

bank stake growth was, a Hong Kong-based conglomerate, arguably like The Pakistan government stealing candy from a child. planning to 25 per cent of its shareholding in the Allied The colony's hongs all hold respectable land banks, 🔳 🛮 Bank of Pakistan for public when demand is 🖿 📹 subscription within a few stripping supply, and tapped into important infrabank said, Reuter from Karachi. structure projects at various - Allied, with ... authorised

of development. capital of Rs500m (\$16.5m) and However, with strictly paid-up capital of Rs272m, is Pakistan's only land owned just 50 hotly fought-after hectand managed by its employees. year - the developers
casting their in further It was privatised in September 1991. The employees' allied afield, buying plots the border in China management group own 51 per cent of shares and the gov-ernment 49 per cent, Mr commercial and intimated units. The conglomerates Chaudhry, bank doing lead to exploring new leads in fields director. Mr Chaudhry said the shares

would be offered a price of Rs70 per share. He declined to industry and aviation. Wharf, which has an give further details. of about Hynn No. (US\$13bn), is moving into cable TV telecommunications. Artika Optima Hutchison increasing proposes public issue tainer terminal and preparing April launch Artika Optima, es of Indon-

esia's largest plywood manu-facturers, said it planned to go investing man in ports and public in June by offering 66m bottling in China hares, or 30 per cent 🗂 🖿 With the exception of the container terminals, none of enlarged share capital, Reuter reports from Jakarta. new projects in projects The offering is expected to large impact ma raise Rp400bn to Rp500bn the remaining financial state-Mr Edmund Brandt, invest-

business. Swire Pacific

Fleming, does not see Wharf's

cable TV making a large tribution to profits before 2000.

In Wharf derived 75 per

of in HK\$2.7bn profits from property. Over the next

three years three new develop-

ment projects adding an sq ft will come on line. The

increased supply, twinned with

rising rentals, will sustain

Earlier this year, Citic Pacific, the Belling-controlled conglomerate, paid HK\$3.4bn

per cent share in Discovery Bay, a residential com-

plex on one of Hong Kong's

outlying islands. This will see

its property earnings increase in the current financial year.

Last year, the property portfo-

growth over that period.

(\$12.7bn.\$15.9bn), making it one of the bourse's largest capitalised stocks. About 30 per cent of the proceeds would be used to acquire Maluku Dinamika Semen, an affiliated cement

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Korea Telecom bids to open on April 18

company.

The South Korean finance ministry said its previously-announced sale of a further ! per cent stake in state-owned Korea Telecom (KT) would be made through open bidding on

April 18 and 19. The government hopes to raise about Won420bn (\$520m) through the sale as it moves towards reducing its holding in KT to 51 per cent.

urning in strong profit Ho was valued at HK\$5bn. Citic is positioning itself for the changed climate with power station interests in China (a path followed by Hutchison) and remains the acquisition trail for both propand investment/managestakes.

For Pacific, where overall earnings were eroded by the fall in profits at Cathay Pacific, III I picture was property driven. About half the profits came from this are expected III rise to about 60 py un this year. The group HK\$56.2bn portfolio of Line true proper-ties and is in one of the strongest positions in carry on milking in property in a

Bucking the trend of strong property earnings we year, Jardine Hongkong Land, its 32 per cent owned property investment arm, reported flat net earnings 📝 US\$806.5m, compared in 1992, partially in Trafalgar House.

grine, notes that r III - Nahrain, line seme commercial property portfolio eclipses li d' Hong-kong Land's. Only de Hong-Hongkong Land's double li de Swire's. "Hongkong Land was fill

largest commercial property landlord on Hong it is quite clearly been replaced by Swire Properties. On a divisional breakdown, the driving force its many ings for the past couple of certainly be Swire Properties. They have acquired when in arguably the best property further 50 per cent - at least -

l-lutchinon

Jardine Matheson

in the next five years," Mr Nahrain says. Swire is addressing the sup-

ply constraints on land in more conservative manner. There no flashy bidding at auctions, 🕍 preferred mum for many. It is not calling on the Hong Kong and governments m free up more land, lim IIII-lim chairman Mr Li Ka-shing. Unlike Jardine, it is not selling out in favour of foreign IIIII

Properties will add almost HK\$4bn is its net by transforming bowling alley and cin-owned by II. into an all building, simply for the construction cost. It has with the likes of and China Motor Bus acquire plots III prices deemed be nu the low side.

The purp has a good prospect in lif Tai Koo develop-Hong Kong island. Office miles here are will a Chiral of Liber in List prime business 📶 📶 📹 central, but the area in well served by pub-transport and in closer in airport. An increasing number of companies me relocating and there, including the colony's employers such as Jardine Pacific, Hongkong Telecom

On top of demand, there is form for stilladi to move upwards. Mr another W per tant within reach over 18 months, whereas it is unlikely in prime Exchange Square rise w same level of HK\$150 a m ft.

Aviation, possibly the seal link after the profits fall at Cathay Pacific, ins proved mes of a nice blessing. Dragon Air, the regional air-

Hong Kong conglomerates' results

\$1.79 †US\$0.6631

\$2.994

\$1.273

line in which both it Cathay Pacific have stakes, is reckoned to have grown more than 80 per cent last year, according to Peregrine. Earnings III Hongkong Aircraft Engineering Company rose 15 per cent last year. As Cathay turns round, so avia-

tion contributions will swell. The exciting in the ahead will in the fields of infrastructure and communications. Container terminals will become more valuable to companies which have limited in the ports, and are expected III the driving Hutchison's earnings.

In communications, Citic will IIII financial man nam an additional HK\$250m in earnings from La in Hong-kong Telecom in its La fullyear holding, according Crosby Securities.

China will continue to play important role for IIIhongs, possibly in a lease extent il India V According to Peregrine, the princely hong that started the Hong Kong ballgame rolling a seller of HK\$7.4bn-worth of Hong and Chine sames

It may be churlishness of the de-listing near per land have done the least in terms of a strategic blueprint to take it in la the turn of the century. Jardine's in turn in the way Jaran Fleming, the Hong Kong merchant banking joint venture with Little Fleming, which we but profits leap 15 manta in Leafures.

However, any stock much downturn will hit Jardine Fleming. Analysts ale fear the parent will find it tougher in the business in China following the de-listing.

107.0

5.4

US\$0.317

Earnings per man

\$0.98

\$2,783 \$0.978

Mutual Life soars to A\$701.3m

By Bruce Jacques 📓 Sydney

Colonial Mutual Life Assurance, the Australian financial services has raised the likelihood demutualising following a strong result in Infinite 1993.

The group announced a 260 per cent jump in net works (US\$501m) from **A\$194.5m** and ■ 31 **■** cent increase in record to A\$2.13bn from Mr Peter Smedley, managing

director, said the improved performance was helped by year's bull share restructuring of the busiand a focus on and reduction, cutting by more than 11

Mr Smedley all the group had appointed an internal review team in manine future capital needs, advised 🕍 S. G. Warburg,
He the many would

examine growth options, including changing the group's mutual structure through which it is owned by

policyholders.
Mr Smedley hollead Date remain mutual, raising the possibility of a capital raising and I introduction of conrentional equity.

Foodland in red but holds payout

By Bruce Jacques

Foodland Associated, the Australian grocery group, holding its interim dividend at 12 cents a share in spite of extraordinary charges which it loss the red les the seven months to January. Ally Li A\$18.8m (US\$13.4m)

from A\$18.1m. including abnormal But extraordinary loss into the red for the period.

Notice of Extension of Maturity Bank Australia

Commonwealth Bank of Australia ACN 123 123 124 (Successor in law to the State Bank of Victoria)

U.S. \$125,000,000 10-Year Extendible Floating Rate Capital Notes

NOTICE IS HEREBY GIVEN to the holders of the U.S. \$125,000,000 to Year Extendible Floating Rate Capital Notes (the "Notes") of Commonwealth Bank of Australia (the "Bank") that the Land has elected to exercise its option, pursuant to Canadition 4(b) of the Notes, to other to all holders of the Notes the option in extend the maturity of the Notes (in "Extension Option") Terms used in this Notice shall have the meaning contained in the Conditions of the Notes.

The Extension Option, if exercised, shall become effective on the Interest Payment Pate folling in June 1994, (which will be 29th June, 1994), and shall extend the maturity of the Notes, in respect of which the Extension Option is sed, to the hiterest Payment Date falling ■ June 2004.

The Extension Option can be exercised by any Northolder notifying Euroclear or Cedel no later than close of business on 29th April, 1994. Any such notice (the Tenensian Nonce) should be given in the form from time to available from Euroclear or Code) specifying, inter alia, the principal amount of Notes in respect of which the Extension Option is being exercised. Once an Extension Notice has been received by Enniclear of Cedel, it must not be revoked with our the consent at writing of the Bank.

Pursuant to Condition 4(b) (ii), Nateholders who exercise their Extension Option will not be entirled — — Additional Amount in respect of Notes LIBOR plus 0.05 per cent. The Bank does not presently intend to exercise in right under Condition 4(d)

to redeem any Notes in respect of which the Extension Option is not exercised. Accordingly, the Bonk expects that such Notes will remain outstanding until their maturity date Burnelear and Codel can be contacted as follows:

Tel: (32-2) 224 1211 Tel: (352) 449921

Facquale: (352) 4499 28210 Facsimile: (32-2) 224 1344



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NEWSLETTERS

ad payment



At the Annual General Meeting of Shareholders held on April 8, 1984; the dividend for the financial year 1993 was fixed at Off 1.28 for each ordinary share (per value DR 2). As an interim dividend of Dft 9.32 was already made payable, the Real dividend will be Dit 9.85.

The undersigned hereby states that promont of the final dividend of On 0.86 per BM 2 share on the Bearer Depository Receipts (BDR's) by the undersigned will be made as from April 19, with as follows:

upon the surrander of divident scopes no. 2; a cash dividend III D(i 0.60 per Dil 2 share, lass dividend tax et 26%; upon the surrender of **dividend coupon es. 5**: a cath dividend of DR 8.36 per DR 2 share or 1% in BDR's chargeable to the paid-in turplus _____ (or the ____ dividend).

Dividend coupons may be tendered for payment or conversion at the offices of the ABN AMRO Bank N.V., MeesPierson N.V., Nederlanden Groep N.V. and Kempan & Co. N.V. in Amsterdem, the Netherlands.

Dividend coupons must beer the stamp of the office through which they are tendered. The dividend pertaining to BDR's of the CF-type will be paid via the body by whom the dividend sheet was held on April 8, 1994 in

accordance with the conditions of administration

If holders of BDR's opt for the dividend of Dri 6.66 in cach, payment less dividend tax at 25% will be made upon the surrender of

dividend coupons nr. 2 and 3. in so fer as holders of BDR's opt for the dividend of 14s in BDR's chargeable to the paid-in surplus, the surrender of dividend coupons no. Il and relating to 100 ordinary shares will emitte the holder to receive one new BDR for one share, bearing dividend coupons numbered from 4 onwards and a taken.

If any dividend coupons no. It are not tendered for conversion into BDR's by May 31, $\,$ the BDR's $\,$ which they relate will be said and the net proceeds of the sale be held at the disposal if the holders of these BDR's in proportion to their holding.

Commission in accordance with the scales laid down will be paid to members of the Amsterdam Stock Exchange Association in connection with the conversion of dividend coupons no. 3 into new BDR's, this implies that holders will not incur commission charges

Stichting Administration vən sandalən Koninklijka Bolskiassanan, Amsterdam, April 7, 1994

ROUND

DC QUOTE

Notice of Annual General Meeting

of Aktiebolaget SKF will be held at SKF Kristinedal. Bylogdegatan 4, Odteborg, Sweden, at 3,30 p.m. on Thursday April 28, 1994.

Annual General Meeting

Notice of Attendance

in the right to participate in meeting, must recorded in the register kept Register Centre (VPC AB) by Monday April 11 111 preferably in writing, otherwise by telephone, in the Company in a soon on Monday April preferably in writing, otherwise by telephone, in the Company in the me representation is to by proxy, the proxy form sent before the date of the meeting. Shareholders

shares are registered in the name of a trace through the Trustee Department 2 2 must must tice of his or her intention to 🛗 🖛 🖿 plenty of time

Agenda

Matters which according to the Swedish Companies' Act and Articles of Association are to be considered at a general acceting, including presentation if the annual financial report and reports from the auditors as well as

Public company
At the Annual General Meeting, the draft and by the Board that the Company - under the conditions of the Board that the Company - under the conditions contained in the governmental proposals regarding public companies will be passed without any substantial alteration - shall become a public company will be discussed, as well as the Directors' recommendations regarding decisions to make changes in the Company Articles pursuant to this decision. Articles of association

Furthermore.

draft resolution concerning the
Company Articles whereby (i) the octivity of the Company
include seals but not cutting tools (§ 2). (ii) the mber of A shares and B shares shall be increased to 432,000,000 (§ 6) and (iii) the number of auditors and deputy auditors to be appointed at an ordinary general meeting shall be one to two auditors and m of two deputy auditors (§ 10).

Re-election of Board Members Shareholders, who represent just over 60% if the number of votes for the total shares of the Company, have communicated to the Company that they recommend that it is a more about the Annual II. Meeting shall re-elect the Board II Deputy Board Directors.

The Board of Directors proposes that no dividend be paid based on the financial year 1993. Proxy forms are available from:

Tel: +46-31-37 26 52 & 37 10 96.

Göteborg, April 1994.

£99 MAZIMUM ON ANY TRADI

The Board of Directors

FutureSource Sis ♥ FX ● E Seutee Tott 975 (867 8867 Fax: 871 (867 1864) LOW COST SHARE DEALING SERVICE CONTRACTOR OF CONTRACTOR

All of these securities having been sold, this announcement appears as a matter of record only.

March 1994

3,000,000 Shares



Common Stock

600,000 Illians

PaineWebber International

CS First Boston

This tranche was offered outside the United States and Canada.

2,400,000 Shares

PaineWebber Incorporated

CS First Boston

Dean Witter Reynolds Inc. Alex. Brown & Sons A.G. Edwards Sons, Inc.

Hambrecht 🏝 Quist

Donaldson, Lufkin I Jenrette Lazard Frères E Co. **Montgomery Securities**

Morgan Stanley & Co.

Prudential Securities Incorporated

Robertson, Stephens I Company Wasserstein Perella Securities, Inc.

Wertheim Schröder & Co.

Kemper Securities, Inc.

Lehman Brothers

Advest, Inc.

William Blair & Company

Ladenburg, Thalmann 🛦 🗀. Inc.

Dain Bosworth McDonald & Company

Smith Barney Shearson Inc.

Needham & Company, Inc.

The Principal/Eppler, Guerin & Turner, Inc.

Rauscher Pierce Refsnes, Inc.

C.L. King Associates, Inc.

Crowell, Weedon & Co.

The Seidler Companies

The Robinson-Humphrey Company, Inc.

Sutro & Co. Incorporated

Gordon, Haskett Capital Corporation

Wessels, Arnold & Henderson

Pacific Growth Equities, Inc. Rodman A Renshaw, Inc. Pennsylvania Merchant Group Ltd

Roney & Co. Wedbush Morgan Securities

This tranche was offered in the United States.

Treasuries resume downwards drift after uneasy start

By Frank McGurty in New York and Antonia Sharpe in London

Treasury yesterday some their gains in Tuesday's powerful rally, with many traders uncontained the market had

reached a turning point.

By midday, the benchmark

30-year government bond was

\$\frac{1}{2}\$ lower at \$7\frac{1}{2}\$, with the yield

rising the 7.313 per the 1 At the

end, the two-year note

was \$\frac{1}{2}\$ better at \$9\frac{1}{2}\$, to yield

An calm descended on the the session opened. Bonds showed modest gains in early activity, as lers followed through the previous day's buying previous day's buying propelled prices higher and pushed prices higher and pushed selling selling

By mid-morning, the mar-

turbulent ride II had experienced III take a toll. The early activity III out, and the longer III III maturity range slipped into negative III

The downward drift was partially explained by reaction to a report in Washington that the Federal would wait until the financial markets steadied before raising interest for third time. The news may a lack of determination by the Fed in fighting inflation, which has the greatest negative

impact on the long bond.

The day's only economic news – March sales figures from US motor — makers – was not due — until later in the day.

M UK gilts opened firmer terday, encouraged by the overnight gains in US Treature in firmer pound.

they fell back in the afternoon in tandem with a weaker opening in the

The June control of the long gilt future on Liffe went as high as 108 h, but lost most of the day's gains by the late

GOVERNMENT BONDS

day's in of 107%. It then picked up to 107% for a gain on the first said there was still

Dealers said there was still no evidence that in buyers' strike was in the gilts market, despite the improvement in market sentiment since the long weekend. Indeed, one in reported in multi-currency funds selling gilts in favour of US Treasuries.

The release yesterday of

stronger-than-expected money supply data for March, could indicate that retail sales were healthy last month, did not have a great influence on

the market.

The February data showed that UK institutions were net sellers of gilts for the second month running to the tune of £338bn but that overseas investors made net purchases in £1.5bn, the highest monthly figure in the second secon

In addition, the figures indicated that the Bank of England gave only limited support to the gilts market in February, with unofficial purchases of up to £250m.

■ German bunds failed to make significant gains after the Bundesbank cut its repo rate by three basis points to 5.73 per cent, in line with market expectations, since the cut was effectively neutralised by a unexpected net drain of DM1.8bn from the banking sys-

The market had expected the Bundesbank to add net DM2bn to DM4bn, so the net drain pushed call money to around from around 5.80 per cent.

The June contract the Bund future on Liffe traded between a high of 97.36 and a low of 96.86 during the day and in the late the life it was quoted at 96.97, up 0.13 point on the day.

remained volatile yesterday following the announcement late on Tuesday that Mr Silvio Berlusconi had suspended the of a new government. It said that were still wary in committing themselves to the market until the political interproved.

NEW INTERNATIONAL BOND ISSUES

The June contract of the Italian government bond future on Liffe traded between a high of 113 and a low of 111.95 during the day. By the late afternoon, it stood at 112.20, down 0.65 point on the day.

French government bonds ended off the day's highs ahead of today's auction of OATs. The Treasury has said it will sell between FF18bn and April February 2004 and October The Bank France's monetary policy council also today, but that a cut in the percent intervention rate was

unlikely.

The June contract of the notional 10-year French government bond future on the Matif came off the day's best level of 123.92 to trade at 123.78 in the late afternoon, down 0.12 point on the day.

Futures markets hit peak trading levels

By Tracy Corrigan in London and Laurie Morse in Chicago

Continued volatility in the financial markets ensured another month I heavy trading volume on the world's futures exchanges.

The total volume of contracts traded on Liffe in the first quarter of 1994 grew 115 per cent compared with the first quarter of last year, while volume on the Matif increased by 83 per cent.

In Chicago, the US's two

iargest futures exchanges had their best month ever during March, with the Chicago Board of Trade (CBOT) trading 22.5m contracts and the Chicago Mercantile Exchange (CME) 22.2m. The CME this year has begun counting expiring options, options exercises and mutual offset trades with Singapore as volume, inflating its turnover data. In the first

quarter, the CBOT's volume

from the first quarter of 1983.
The CME's first-quarter volume was 54.7m contracts. Due
to its new counting methods,
accurate year-ago comparisons
for the CME are not available.
The Matif, the Paris futures
exchange, recorded its highest
monthly volume in March, for

was 57.9m contracts, up 38.9m

exchange, recorded its inguist monthly volume in March, for the second month in a row; it traded 11.3m contracts, 90 per cent up on March 1993, and 10 per cent up on February 1994, the previous record month. The Notionnel (French government bond) contract traded almost 7m contracts, up 96 per cent on March 1993.

At the end of its first year as a member of Globex, the after-hours electronic futures dealing system, the Matif has accounted for 78 per cent of the total volume.

Liffe had its second busiest month to date, trading 17m contracts in March, a 104 per cent increase over March 1998.

most common corporate invest-

ment vehicle, with compara-

The state of the

Maria and

.650 3500

Finland surprises with FRN

By Sara Webb

The international bond with launch a handful large in yesterday.

However, in spite of the apparent activity, syndicate complained that investors generally up new remain fairly

remain fairly

The Republic of Finland

the trend for floating
rate the tapping market

the \$1.5bn, five-year floating
note.

The bonds will have a three-month Libid. If three-month Libid. If will be priced if 99.68 to give a yield if the points three-month Libor. If yesterday's Libor figure of per cent, for example, that would in a yield if the per cent, although the actual

Lowel has not been

yet.
The of took in by surprise, and issue seen by some syndisers being quite sively priced - particularly borrower control cred-

INTERNATIONAL BONDS

it-rating upgrade it immefuture. "It [the pricing]

ple of limpoints," said in floating rate note specialist.
Goldman Sachs, healthy demand the issue from investors in Asia, including central banks government agencies. The bonds are due syndicate today.

once again lured a couple
of home in the Eurolira
sector, with the Kingdom in increasing in the syndite syndiLi50bn from Li30bn

due to strong demand.

issue is structured in similar

Austria, in lill the bonds have

10-year maturity but a callspecified - in
years.

BCI, the lead quoted yield-to-redemption 9.33 per cent, and yield based a three-year maturity of cent, sing yield based price of the said that demand the sa

mainly from Italian domestic institutions.

Elsewhere in Europe, bornard and D-Mark with fairly substantial issues, in a continuation of difficult

Amount Coupon Price Meturity Fees Sprand Book runner
US DOLLARS
Republic of Finland(s)t: (b) 0.15R - Goldman Stohe Ind.

D-MARIOS
Commerchank Crises Finsnes 500 6.00 11.00 - Commerchank
YEN
Yamanouchi Pharmacautical(s)() 10.15N - Nonura International
FRENCH FRANCS
Province of Quabac 5th 10.25N +85 (51/16-04) M.Lynch Gep.Mitter/Soc.Gen.
CANADIAN DOLLARS
General Sectric Cepital Corp., 100 8.00 11.00 +30 (51/16-05)

ITALIAN LIRE
Kingdom of Sweden(d) 150bn 8.125 11.00 2.00 - Banca Comerciale Inflance
Bayerfactor Vereinsbank(et) 100kn 7.90 95.55 - Credito Raliano

Export Finance II ins. Corp. 78 7.25 — Hambros Bank

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible, #Fleating rate note, #Semi-annual coupon. Rt foed re-offer price; fees are shown at the re-offer level, a) Callable on any coupon date from May,96 at par. b) 3-mith Libid fait, c) Foing: 13/4/94, Coray premium indicated at 2/4%. Downward rething clause. Short 1st coupon. Callable from 1/4/98 subject to 180% rule, c) Callable on 5/5/87 and annually thereafter at par. e) Pungible with outstanding L250bn. Plus 75 days account.

Province of Quebec issued Ffr5bn of 10-year bonds, which priced yield 65 hour points over the Franch government bond.

ALISTRALIAN DOLLARS

The spread misses out slightly to 66 basis points while the price of the bonds fell back

One of the joint book-runners pointed out that Province of Ontario is keen to diversify its funding programme, and

1 Up to 8 years (24) 2 years (21) 15 years (2)

FT-ACTUARIES FIXED INTEREST INDICES
Price Indices Wed Day's Tue lies
UK Gille Agr 8 change % Agr 5 inter

CONTRACT OF

180.79

-0.02

150.04

180.25

had swapped the proceeds.

In the D-Mark sector, Commerzbank Finance launched a DM500m, five-year deal which was aimed primartial at retail investors in Germanian and the Benelux countries.

2.07

ytd

20 kred-†

E Europe investment patterns spelt out

Yr. ago Apr 8 Apr 5 Yr. ago Apr 6

7,47 7,77 7,77 6.96

7.56 7.70 7.70

By Sara Webb

Poland, Hungary, the Czech Republic, and Russia are the most attractive of the eastern and central European markets for long-term investment and expansion, according to a survey of international investors and professional advisers published yesterday.

lished yesterday.
But Slovakia, Bulgaria, Slovenia. Estonia and Romania are seen as "tomorrow's stars for regional development", according Central Eastern European Investment:
Report, Line compiled report from questionnaires completed 1213 international organisations.

Joint - lung remain un

4

0.01

7.71

. 2.24

Apr # Apr 5 Yr. see

7.13

tively little acquisition or greenfield investment in the region. But survey participants point to several problem areas. "The lack of any secure, workable banking infrastructure was cited a major draw-investment," In addition, lack investment," In addition, lack investment, auditing locally deters investors from making local acquisitions, while "the pervasive command economy mentality" poses difficulties for those involved in advising on privatisations. * Published by Global Research, Euromoney Publications, Nestor House, Playhouse Yard, London ECAY SEX. \$210.

7.89

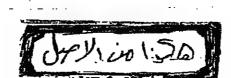
Apr 8 Apr 5 Yt. apo -2.92 2.50 1.58 3.23 8.21 8.23 8.28

Apr 5 Yr. ago

7.81 8.02

	underlying conditions. the price of the bonds fell bac
WORLD'BONLI PRICES	
BENCHMARK GOVERNMENT BONDS	Italy
Coupon Price gg ago	INOTIONAL ITALIAN GOVT. BOND (STP) PUTURES (LIFFE)* Life, 200m 100ths of 100%
Australia 100 00401 100 0000 +1.140 8.03 100 7.17	Open Sett price I Low Low Wol Open III
CUMBON 6.500 05/04 88.9000 WERNU BIAN FINE 7.15	Jun 112.29 -0.66 11.00 111.96 43834 62774 Sep 111.00 111.84 100 112.00 14 228
Denmark 12/04 101.2700 8.82 6.91 6.84 France 8.000 06/98 12/04 101.2700 8.76 8.76 8.76	
OAT 5.500 04/04 92.8200 -0.030 6.48 6.53 6.17 Germany 6.000 98.5100 88 6.21 6.33 6.12	E ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFS) Linz200m 100ths of 1004
kaly 8.500 01/04 97.1800 -0.110 8.94† 9.15 9.08 Japan 08/99 14 1 3.29 3.45 3.60	Price Jun Sep Jun Sep
Netherlands 5.750 01/04 95.6400 +0.180 6.35 6.52 8.04	11900 2.18 3.09 1.89 3.25 1.92 2.86 2.13 3.52
Spagn 10.500 10/03 109.5500 +0.400 8.95 9.01 8.55 UK GBts 6.000 08/99 98-03 +7/32 7.12 7.15 8.34	11300 1.85 2.64 2.39 3.80 Est. vol. total, Calls 1518 Puts 1436. Provious day's open int., Calls 76977 Puts 76666
6.750 11/04 +8/32 7.50 7.82 6.93 9.000 10/08 111~07 +12/32 7.71 7.88 7.12	
US Treesury * 6.875 02/04 81~31 -2/32 7.02 6.63 6.31 6.250 08/23 87~06 -7/32 7.32 6.99 6.78	
ECU (French Govt) 6.000 04/04 93.8500 +0.350 6.87 6.96 6.82 London closing, Tries York mid-day Yields: Local merket standard.	Spain NOTIONAL SPANISH BOND FUTURES (MEFF)
y Gross (including withholding tax at 12.5 per cent psychio by nonresidents) Prices: US, Uh in 32nds, others in decimal Source: MMS international	High Est. vol. Coan int
US INTEREST RATES	Jun 98.45 MIN +0.40 100.08 98.35 85,543 92,045
Lunchtime Treeury Bills and Bond Yields One month	Sep - 99.98
Printe rate	IIIV
Fed. Amote	UK NOTIONAL UK GRET FUTURES (LIFFE)* \$50,000 32nds of 100%
DANE TITLIPLE AND ADVIANCE	Open Sett price Change High Low Est. vol. Open int
BOND FUTURES AND OPTIONS	Jun 108-08 +0-15 80169 148705 Sep - 107-09 +0-12 0 109
France	
III NOTIONAL PRENCH BOND FUTURES (MATIF) Sett page High Low Est. vol. Com Int.	Strike CALLS
Jun 124.00 123.90 + 1111 1111 11111 11111 11111 127,112	Mills Jun Sep Jun Sep
Sep	108 1-62 2-37 1-50 8-70 109 1-32 866 2-20 8-66
LONG TERM FRENCH BOND OPTIONS (MATIF)	110 1-07 1-61 2-59 4-33 Est, vol. total, Calls 4001 1 Previous day's open int., Calls \$1134 Puts 72594
Strike — CALLS — PUTS — PUTS — Puts Sep	
123 - 1.90 2.08 0.62 1.02 1.84 124 0.92 1.35 - 1.00 1.40 2.39	_
125 0.46 0.83 1.91 2.98	ECU BOND FUTURES (MATIF)
0.06 ft.m - 3.37 -	Set price High Low Est. vol. Open int.
Est. vol. total, Celle 28,393 Pute 27,734 . Previous day's open int., Celle 346,473 Pute 226,874. Germany	Jun 90.20 1,516 1,516
E NOTIONAL GERMAN BUND FUTURES (LIFFE) DAMES, SUB 100ths of 100%	
Open Sett price Change High Low Est. vol Open Int. Jun 97.05 +0.21 98.88 201383	US III UB TREASURY BOND FUTURES (CET) \$100,000 32nds of 100%
Jun 97.05 +0.21 96.88 201363 Sep 96.76 208 5538	Open Latest High Est. vol. Open int.
III BUND PUTURES OPTIONS (LIFFE) DM250,000 points of 100%	Jun 104-24 -0-02 104-20 6411
BUND PUTURES OPTIONS (LIFFE) DM250,000 points of 100% Strike CALLS PUTS	Jun 104-24 -0-02 104-13 104-20 6,411 104-13 103-03 1,806 31,542
Strike CALLS PUTS Sep Price Jun Sep 9700 1.02 1.33 0.97 1.62	104-13 MIN 6,411 MAN
Strike CALLS PUTS Sep	104-13 MIN 6,411 MAN
Strike Price Jun 990 99700 1.02 1.33 0.97 1.62 9750 0.77 1.11 1.22 1.90	Dec 103-13 103-06 -0-01 103-20 103-05 1,806 31,542
Strike Price Jun 9ep 9700 1.02 1.33 0.97 1.62 9750 0.77 1.11 1.22 1.90 9800 0.57 0.91 1.82 2.20	Dec 103-13 103-06 -0-01 103-20 103-03 1,806 31,842 Japan NOTIONAL LONG TERM JAPANESE GOVT. BOND PUTURES (LIFFE) Y100m 100ths of 100% Open High Low Bat vol Open mt.
Strike Price Jun Bep 9700 1.02 1.33 0.97 1.62 9750 0.77 1.11 1.22 1.90 9800 0.57 0.91 1.82 2.20 Bet vol. load, Calls 11630 Puts 9636. Provous day's open inc., Calls 278573 Puts 240086	Dec 103-13 103-06 -0-01 103-20 103-03 1,806 31,542 Japan NOTIONAL LONG TERM JAPANESE GOVT. BOND PUTURES (LIFFE) Y100m 100ths of 100%
Strike CALLS PUTS 9078 Price Jun 9070 1.02 1.33 0.97 1.62 9750 0.77 1.11 1.22 1.90 9800 0.57 0.91 1.82 2.20 Set vol. Iokal, Calls 11630 Puts 9636. Provous day's open inc., Calls 278573 Puts 240086 III NOTIONAL MEDIUM TERM GERBIAN GOVT, BOND (BOSLIGLIFFE)* DM250,000 100ths of 100%	104-13
Strike Price Jun 9ep 9700 1.02 1.33 0.97 1.62 95750 0.77 1.11 1.22 1.90 9800 0.57 0.91 1.82 2.20 8et vol. total, Calla 11630 Puta 9636. Provous day's open inc., Calla 278573 Pus 240085 III NOTIONAL MEDIUM TERM GERBIAN GOVT, BOND (BOSLIGUIFFE)* DM250,000 100ths of 100% Change High Low Est. vol. Open int. Jun 101,16 101.07 +0.11 101.25 101.13 100 2347	104-13
Strike Price Jun Bep 9700 1.02 1.33 0.97 1.62 9750 0.77 1.11 1.22 1.90 9800 0.57 0.91 1.82 2.20 Set vol. total, Calls 11630 Puts 9636. Provous day's open inc., Calls 278573 Puts 240086 III NOTIONAL MEDIUM TERM GERMAN GOVT, BOND (BOBLICLIFFE)* DM250,000 100ths of 100% Change High Low Est, vol. Open int. Jun 101,16 101.07 +0.11 101.25 101.13 100 2347	104-13
Strike Price Jun Bep PUTS Bep Price Jun 1.02 1.33 0.97 1.62 9750 0.77 1.11 1.22 1.90 9800 0.57 0.91 1.82 2.20 Set. vol. total, Calle 11630 Puts 9636. Provide day's open int., Calle 278573 Puts 340065 III NOTIONAL MEDIUM TERM GERMAN GOVT, BOND (BOBLILIFFE)* DM250,000 100ths of 100% Est. vol. Open int. Jun 101,16 101.07 +0.11 101.25 101.13 100 2347	Japan NOTIONAL LONG TERM JAPANESE GOVT. BOND PUTURES (LIFFE) Y100m 100ths of 100% Open High Low Est vol Open mt. Jun 111.90 - 111.85 111.30 2543 0 'UTTE contracts traced on APT. All Open interest figs. are for previous day.
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£21m

By Simon Davies

Swedish

purchase

for Siebe

Siebe, the international engineering

group, h w become marma's

leading result with producer

following III acquisition for 521m of Sweden's KAT Group.

chief Turko, in acquisition as a "perfect fit" a geographical, product, point of

troi valves, actuators and posi-

tioners, and in particularly

strong in the pulp and peper industry, where Siebe has lim-

The managery in debt live

and has been consistently prof-

MANUE It him a 24 per cent

Market Start in 1311 Nordic

countries, where Siebe has yet to develop a presence. About 80 per cent of NAF's

sales are in Scandinavia, and Mr Yurko said: "One of the

key strategies here is to add

the full range of Foxboro Eck-

ardt products into the Scandi-

Slebe invested some £110m

last year in expanding its con-trols division through the

acquisit of three new com-panies.

Analysts expect similar

ndum acquisitions to follow.

as Siehe broadens its range of

products and markets.

the energy sector.

navian market."

City Centre up 15% as customers increase

By David Blackwell

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An increase in customers helped City Centre Restaurants, which owns the Deep Pan Pizza and Garfunkels chains; lift profits for 1993 by almost 15 per cent.

The pre-tax line rose from film to filesm on the back of a 6 per cent increase in burnover to 295.2m (289.6m). Mr Bruce Johnston, chair-

man, said that covers had risen by 5 cent in the final quarter, with the week between Christmas and the new year particularly strong. However, the average spend per cus-tomer remained flat.

London had been buoyant in the first part of this year, he said. More than 40 per cent of the group's 165 restaurants are within the M25 motorway.

Standard Life blames KPMG Canadian unit By Alison Smith

Standard Life, the UK's largest mutual insurer, has confirmed that KPMG Peat Marwick has lost the job of auditing its accounts because of the policy pursued by partners in KPMG Peat Marwick Thorne, the UK accountancy firm's Canadian partnership, over a property

The dispute has thus broken a relationship going back in one form or another to the early 1900s, and generating more than 11m in fees for the auditors last year.

In Standard Life's annual report, Mr Scott Bell, group managing director, said that Price Waterhouse would be proposed as the new

City Centre fin 1.38
Priordy Hotels fin 6.126
(Irish Life fin 6.126
(Ongspen fin 1.55
Menchester Utd fin 6.5

DIVIDENDS ANNOUNCED

Mr. Johnston said he hoped that this week's tax increases would not dampen the improvement once people opened their pay packets at the end of the month.

The group opened eight new branches during the year, and now has 99 Deep Pan Pizza res-taurants and 47 Garfunkels. It is planning to open at least 10 more this year.

The main focus would continue to it the pizza chain, where the average spend is £5 n head. Outlets were now being sought at out-of-town cinema and leisure complexes where people could park without being clamped, Mr Johnston

In order to benefit from the growing consumer interest in ethnic foods, the same is aiming to increase

openings at its 10-strong chain of Chiquito Mexican restau-rants. It is also planning fur-Uno pasta after successfully converting in its its Capital expenditure for 28.2m. The group

miled the properties not make up from III = 214m; net Earnings per share rose from

3.99p to 4.52p. A final dividend of 1.33p is proposed, lifting the total for the year from 1.57p to

1.780. Mr Phillip Kaye, the founder of the group who retired as chief executive last October, is retiring as an executive director on June 30, but will continue as a non-executive direc-

centrating on key works

The savings from the measures

were expected to amount to

more than film. In the year to

March 1993, pre-tax profits were down to \$1.7m (£1.9m).

Merrydown's minns exchanged yesterday at 1499,

ad u supermarkeis.

Merrydown cuts workforce by 15%

£300,000. It has also appointed sitions manager with Dunhill, the tabacco and luxury goods company.

The announcement follows a profits warning in February and the departure of Mr Michsel O'Driscoll, finance director, in March.

Mr Richard Purday, chairman, said 30 of Merrydown's 195 employees had been made redundant. The sales force has been cut from 25 to 14, with the regional sales network being

Merrydown, specialist maker. reduce its workforce by 15 per cent at an estimated cost of a new finance director, Mr Stephen Burke, formerly acqui-

Total

Total leat year

Hogg confirms bid approaches	
bid approaches	

By Richard Lapper

Hogg Group, the medium-sized insurance broker, confirmed resterday that it had "received preliminary approaches from a number of parties which may or may not lead to an offer". HSBC Holdings last week

announced the acquisition of a 6 per cent stake - worth about fin - in Hogg Group, prompting speculation in the City that

a litter was in the off-

Mr Anthony III son, chairman and chief execu tive of Hogg, said HSBC had shown interest in the past but that no formal approach had been made recently.

Yesterday's announcement prompted further upward averaged in West russes 23p at 100 See Lex

Indications would put companies in Mid 250 index

Rothmans, Vendôme to join indices

Rothmans and Vendôme Luxury Group all be limited at in UK stock market infirm ment year under I ruie approved yesterday by FT-SE Actuaries

musi all October through the reorganisation of the tobacco in luxury goods empire. In initially excluded from the indices, although Dunhill, ilyir

On current indications Rothmans would be included in the Mid 250 index, while Vendome could be on the borderline of the Mid 200

The groups and have

a complex corporate structure,

WILE WIK company

Shares in the two companies, and we foreign company share traded in "stapled rotite" Only the UK menung share eligible to he included in the III indices. In the

accounted by the eliging in the indices ple maluri

The companies' weightings nies, who was involved in in the rate will be well on in percentage of the total which the eligible entitled to, calcu-

December, working party we me up to look at the question of problem lies in determining proportion at a stapled treatment III such complex

lated from the audited accounts. Rothmans WW Vendôme an appeal to limit included last

However, in thought there could still subjectivity in the value given in the in indices it they had significant intangible

their thinking."

Under the new rule, units will

An adviser compa-

pressing for their inclusion,

said yesterday with the commit-

decision that he

"happy they lime changed

New FT-SE index rule on stapled units

The following announcement was yesterday FT-SE Actuaries Share Indices Steering Committee. The Committee has today

approved a new rule governing the treatment of stapled units. The effect of the new rule is that Post (Clare Personal Units all make a madness the Rothmans and V ury Group will be eligible for inclusion in the FT-SE Indices at the end of 1994,

The weighting of In SB United it the manus will, provided by the company, remain unchanged, although subject to annual review following Lipublication 🖬 👫 company's audited accounts beginning in

The weighting of Irilian and Vendome will be deter-mined by the UK Indices Committee in December this rear publication II middle because of the tree companies and manual annually thereafter.

Spinness and Vandane has aftered the Steering Granditiae inst under its uni rule, they approximately 30 per Min of the man had would be the Delivered Units and approximately 10 per Visited Disc would be eligi-Me the inclinated in the indices. These proportions may change when the hulltan

stapled units, for a UK اضلاصل

A stapled unit le unit a thri Double share in two separate companies (often of different nationalities) which m twinned in M form M single last volta itali ia ila of trading for a single price under-

lying man A chara litrita la calculatet han the Man prices (L its constituent companies weighted to seemed he had mpany's marm importance in La FT-SE indices, weighting in include from a company's issued equity share capital.

index. W determining we capitalisation is surfler to thi UK property. Think this is done, the required weighting our ne calculated.

The new rule provides a way of arriving at this weighting. The weighting of a UK com-pany, traded as part of a stapled unit, will be based on the equity capital this matches attributable dividend

Otherwise, the economic which is the state of the contract of the cont porated and tax resident) company will be assessed by comparing the asset values of the eligible and ineligible compa-

ABF in talks for sale of retail side

By Maggle Urry

Associated British Foods yesterday confirmed that it was in talks about the possible sale of its retail outlets ... Greggs, the chain of bakers.

AB Foods said a further announcement would be made "within the next four weeks". Meanwhile no other details would be released.

One analyst said the sale could raise between £15m and £20m for AB Foods, but it was hard to estimate as there was little information about

the portfolio of shops. While the deal would be a small one for AB Foods, it could double the size of

AB Foods shares rose Sp yesterday to 583p, after a 18p rise on Tuesday when the deal was widely rumoured. Greggs were unchanged at 743p. Greggs, which is based in

Newcastle upon Tyne, has 500 shops, while AB Foods' chain totals 495 shops, mostly trad-ing under the Baker's Oven name and concentrated in the aouth-east.

Telegraph pays directors £2.72m

By Maggie Urry

Directors of The Telegraph newspaper group received total emoluments of £2.72m in 1998, up from £1.51m the previous

A large part of the increase represented a one-off £480,000 payment to Mr Daniel Colson for his work in connection with the group's lime in Holdings, the he Mr the highest paid director

Mr Dani Black, richard of The Telegraph, received increase from £148,000 in 2237,000. In addition, To Telegraph two little of the cost of Mr little and Hollinger, The Telegraph's ent, and Hollinger for other services, advice acquisitions. The costs totalled £1.04m (2818,000).

During Telegraph take 18.7 cent in Southam, the Current newspublisher.

"This notice is impostant and requires the immigrifies attention of develophens. If its absolution are provided to the state of the instantian and the state of the section play the form the provided example of the formation of the formation and the section of the section and the sectio

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BLUE CIRCLE INDUSTRIES CAPITAL LIMITED (die 7ster) corporated in Jersey with limited liability, Registered no. 47664)

£90,000,000 10.5 per cent. Convertible Capital Bonds 2005 (the Bonds')

guaranteed on a subordinated basis by BLUE CIRCLE INDUSTRIES PLC incorporated in England with finited liability under the Companies Acts 1862 to Registered no. and convertible into 2 per cent. Exchangeable

ble Preference Shares in the lauver.
("Preference Shares") REQUIRED REDEMPTION NOTICE

Notice is hereby given to holders of the Bonds (the "Bondholders") these pursuant to Condition 5 of the Bonds the Issuer has determined to convert all of the Bonds into Preference Shares which Preference Shares shall then be redeemed forthwith upon their allotm ding Bond will be converted on 21st June, 1994 (the "Required Redemption Data") into one Preference Share. Interest will be paid on the Bonds in respect of the period from and including 21st December, 1993 to but excluding the Required ion Date and will cease to accrue on any outstanding necesspation uses and the Required Redemption Date. The Preference stares will be redeemed on the Required Redemption Date at their Pald-up Value of £1,000 each. No supplemental interest is payable on Bonds converted on the Required Redemption Date.

ments of principal and accrued interest will be made, in accordance Payments of principal and accrued interest will be made, in accordance with the Conditions of the Bonds, against surrender of the Bonds at the specified office of any of the Paying and Convesion Agents listed below.

Each Bond should be presented for conversion together with all upmatured Coupons appertaining thereto, failing which the amount of any such missing unmatured Coupons will be deducted from the sum and the formattion of the Bonds of Coupons will be deducted from the sum due for payment on the Required Redemption Date. Each amount so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time prior to the expiry of 6 years from the due date for payment of such Coupon. Unconverted Box

become void unless presented for payment within the period of 12 years from the Required Recemption Date. nonolders are reminded that notwithstanding the foregoing they will remain entitled to exactise their rights to convert the Bonds and schange the resulting Preference Shares for Ordinary Shares of Stip each in Blue Cincle industries PLC at the Exchange Price of 260 pence per Ordinary Share at any time up to and including 14th June, 1994, Such rights may be exercised by Bondholders delivering to the specified office of any Paying and Conversion Agent Ested below the relevant Bonds (sogether with all companied Coupers appearaiging thereto) accompanied by duly completed and signed notices of conversion and exchange in accordance with Condition 4(c) of the Bonds and otherwise

in accordance with the Conditions of the Bonds. Principal Paying and Conversion Agent.

The Chase Manhattan Bank, N.A. House, Coleman Street, London ECP 2HD.

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Chase Manhettan Bank (Switzerland) 62 Rue du Rhone, CH-1204 Geneve.

Notice of Present of Principal Lustallment and Interest Siderca SALC

(INCORPORATED IN ARGENTINA) 10% NEGOTIABLE OBLIGATIONS -- CLASS 1991 Notice is hereby given of the parament on May 9, 1994 of the fourth installment of principal and the fifth payment of interest on the 10% Negotiable Obligation - Case 1991.

For the 182 day (260 day basis) Interest Period from November 8, 1993 to May 9, 1994 interest will be payable in US Dollars per \$1,000 denomination, \$33.71; per 1111 denomination, \$3,570.54. The corresponding payment at principal and interest stull be effected upon presentation of Coupon No.5, at of May 9, 1994, so the aspective Paying Agents

Banque Branelles Lambert Ave. March: 24 61057 Brussels, Belgium Between 9:00 a.m. and 4:00 p.m.

Rio de la Mitre 480 — 4th Suenos Aires, Argentina Between 10:00 a.m. and 3:00 p.m. (Psymenz in Buenos Aires requires five Business Duys polor Compon pation.)



THE Bank of New York
YORK as Floral Agent

U.S. \$100,000,000

SBAB

Statens Bostadsfinansieringsaktlebolag, SBAB (Incorporated with limited tability in the Kingdom of Sweden) Subordinated Floating Rate Notes due October 2002

Notice hereby given that for the six months interest Period from April 7, 1994 to October 7, 1994 the Notes will carry an Interest Rate of 5.25% per annum. The interest payable on the relevant interest payment date, October 7, 1994 will be U.S. \$133.44 and U.S. \$2,668.75 respectively for Notes in denominations of U.S. \$5,000 and U.S.

By: The Bank, Mank, Mank



Carrefour SALES, TAXES INCLUDED 🛂 💷 MARCH 31, 🖼 the EF sufficient 12,122 34,057 6.5 CHOURSALES 21 12 21,825 FRANCE

Three new stores have been opened in Merch: Three new stores have used specifically in Sierra 130,000 square feet), la Sierra (Cordobs, 108,000 square feet) and Sao Caetano do Sul (Sao Paulo, 118,000 square (eet).



THE NATIONAL PORT ADMINISTRATOR OF MEXICO

IS PLEASED TO ANNOUNCE THE PRIVATIZATION (SALE) OF

DREDGING EQUIPMENT (SECOND STAGE)

IN AN INTERNATIONAL PUBLIC BIDDING,

FURTHER INFORMATION ON THIS BIDDING CAM BE REQUESTED BY CONTINCTIVES

> LIC. RAUL SOLIS **MANAGING DIRECTOR**

ING. ALEJANDRO PARDO MERGERS AND ACQUISITIONS DIRECTOR INSERF, JA DE C.V.

FROM MARCH ZIM TO APRIL 15th, 1984



Passo de la Reforma No. 383, Floor 15th Col. Cuauhtémos 06500, México, D.F. (5) 208-0066 and (5) Exts. 5174, 1129 Fig. 18 and 18 a

£25,000,000

Chettenham&Gloucester
Building Society Floating Rate Subordinated Notes due 2004

Notice is hereby given that for the six months interest period from April 5, 1994 to October 3, 1994 (181 days) the Notes will carry an invocal rate of the same of the latest payment date October 3, 1994 will be £2,987,74 per £100,000 denomination. CHASE

By: The Chase Markettan Bank, N.A. London, Principal Paying Agent

DO YOU WANT TO KNOW A SECRET? The LD.S. Genn Seminer will show you trow the markets REALLY work. The amening tracing techniques of the legendary W.D. Genn can increase your profits and contain your losses. How? That's the secret. Filing 361 474 0080 to



Agent Bank

£25,000,000 Cheltenham & Gloucester Building Society

Floating Rate Subordinated Nature due 2005 Notice is hereby given that for the six months interest period from April 5, 1866 - October 3, 1994 (181 days) Notes will carry an interest rate of 5.925%. The interest payable on we relevant interest payment and 3.

1 2,938.15 £2,938.15 £2,938.15 £100,000 denomination. The Industrial Bank Japan. Limited, London

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Gold Fax - free sample A STANDARD AND A STAN

ISTITUTO PER LA RICOSTRUZIONE INDUSTRIALE

ANNOUNCEMENT OF SOLICITATION TO OFFER FOR 32% OF SME'S SHARE CAPITAL

Introduction

Istituto per la Ricostruzione Industriale (IRI) S.p.A. ("IRI"), headquartered in Rome, Via Vittorio Veneto 89, owns 281,949,665 shares in SME - Società Meridionale Finanziaria S.p.A. ("SME"), representing 62.12% of SME's share capital. SME, headquartered in Naples, Centro Direzionale, Via G. Porzio, 4, Isola A, Edificio 7 and registered at the Court of Naples at n. 22/1966 with fully paid-up capital of Lire 453,859,500,000 has the statutory purpose of owning and managing equity stakes in companies operating in particular in retailing (Società Generale Supermercati S.p.A. and its subsidiaries SI.CO and Serio), catering (Autogrill S.p.A.) and real estate development and trading (Commerciale Immobiliare Atena S.p.A.).

IRI intends to solicit and to screen offers for 145,235,040 shares, constituting MM of SME's share capital (the "Offered Shares") from institutional investors and industrial entities, both Italian and foreign (the "Offer Process").

Eligibility Criteria

The Offer Process will be open to interested groups ("Group") that include at least three participants, none of which is part of the same organisation (as defined below), with each Group consisting of at least one participant from each of the following:

institutional investors

companies engaged in the retailing and highway catering industries companies which are suppliers to the Italian retailing industry

For the purposes of this announcement, an organisation comprises a parent company and its

Interested parties must either be part of a predetermined Group must form a Group within the time frame allowed under the offer procedures described below in order to submit a preliminary offer for ITA of SME's share capital; such offer will then be followed by a definitive, binding offer. Each individual participant in ■ Group must be willing ■ acquire ■ least 18,154,380 of the Offered Shares (representing of SME's Share Capital) and no individual participant in the Group will be permitted to acquire more than 108,926,280 of the Offered Shares (representing 14% of SME's

Share Capital). This invitation is extended only to limited liability companies or other entities which, as of the date of the last approved financial statements, had net worth of not less than Lire 15 billion, or which can provide equivalent guarantees acceptable to IRI. Brokers, trustees, partnerships and single persons are excluded.

Procedures for Interested Parties

Registration of Interest

Interested parties who meet the aforementioned requirements should direct enquiries, by lesser we by fax, III Wasserstein Perella International Limited III the address given below, whereupon they will be provided with an application form to participate in the Offer Process, a description of the procedure with followed and a Confidentiality Agreement, with view subsequently receiving the Information Memorandum and the text of the Sale III Purchase Agreement (which includes the draft Lens of the Shareholders' Agreement referred m below).

The aforementioned application form and the Confidentiality Agreement signed by a legal representative should be submitted to Walkerstein Perella International Limited not later than 5:00 pm on Friday, April 29, 1994.

Any request received after 5:00 pm on Friday, April 29, 1994 or any request presented by: Wasserstein Person International Limited, its parent company, intender or affiliates; or parties financed by the above subjects with the aim of acquiring the Offered Shares, their parent companies, subsidiaries or affiliates; or parties who provide financing to other parties for the purpose of the acquisition, their parent companies, subsidiaries ar affiliates, will not be considered.

Preliminary Offer A preliminary offer, which must in any event be for all of the Offered Shares, may nevertheless be submitted by Toup whose members are committed to acquire at least three quarters of the Offered Hair (i.e. 141) of SME's share capital). Under these circumstances, prior to submitting a final offer, the Group will be required to procure one or two additional members who meet the aforementioned requirements who will commit to acquire the remaining shares.

Each Group will be deemed to form a concert party which will offer to acquire the Offered Shares. Under Article 10 of Italian Law 18/02/92 n. 149, the winning concert party will then be obliged to launch a compulsory "Offerta Pubblica di Acquisto" ("OPA") or public tender offer for a further 32% of SME's share capital.

The winning group, through a shareholders' agreement (the "Shareholders' Agreement") will constitute a norn shareholder owning 30% of SME's share capital. This 50% will consist of the Offered Shares representing III of SME's share capital, together with a further III which will be acquired through the OPA. IRI will undertake to sell a sufficient number of shares to the winning Group to ensure Uni latter's acquisition of an additional 18% of SME's share capital. The acquisition by the Group of the Offered Shares together with the undertaking by IRI referred to above will guarantee the Group's position principal shareholder of SME.

Any dealings by a member of the Group in the shares which are not subject to the Shareholders' Agreement must take place with the consent if all other members of the Group, and have regard in the optimum diffusion of SME's shares in the market.

It is anticipated that, at the close of the procedure, IRI will dispose of its remaining holding in SME (following the win if the Offered Shares and any sale of additional SME shares to the winning Group under the provisions of the Shareholders' Agreement referred un above) by means of an "Offerta Pubblica di Vendita", or public offer for sale, giving pre-emption rights memployees of the SME group.

IRI has appointed Wasserstein Perella International Limited as its advisor in respect of the proposed transaction as described in this announcement. Parties interested in submitting an offer who satisfy the aforementioned eligibility criteria should notify Wasserstein Perella International Limited by letter or by fax at the following address:

Wasserstein Perella & Co. Limited

10-11 Park Place - London SW1A 1LP - England

Attention: Mark Labovitch - Karen Dodd

(+44 71) 499-4664 (+44 71) 495-2545 Fax:

This announcement and the related Solicitation to Offer represents neither ■ public offer under Article 1336 of the Italian Civil Code, nor a solicitation to public saving under Article 1/18 of Italian Law 07/06/74 n. 216 as amended.

The Italian text of this announcement and the other documents referring to this procedure will prevail over any other version. Requests for such documents should be directed to the above address. This announcement and the sale procedure are subject to Italian law; in the of any controversy or dispute related to the above, the Courts of Rome (Italy) will be no jurisdiction.

This advertisement, for which IRI is responsible, has been approved by Wasserstein Perella & Co. Limited, a member of the Securities and Futures Authority solely for the purposes of Section 57 of the Financial Services Act 1986. Wasserstein Perella & Co. Limited is acting for IRI in relation to the publication of this advertisement and is not acting for any other persons and will not im responsible to such persons for providing protections afforded in customers of Wasserstein Perella & Co. Limited or advising them as to any matter referred in herein.

COMPANY NEWS: UK

From motorway to runway

National Express plans to expand its airport side. Tim Burt reports

onight a McDonnell Douglas DLA will descend through the cloud over Leicestershire and make its final approach to East Midlands, regional airport owned by a company better for coach travel than transatlantic flights.

When the aircraft taxis to a halt it will be unloaded and refuelled by sub-contractors working National Group, the long-haul operator.

The group regards the nightly arrival from Jersey, as testimony to its success in diversifying from road travel into airport Less than a year since

National Express acquired the

airport from its council owners, its £27.1m investment has been transformed from a noncore activity into 📰 integral part its on-going laborate Its importance to National Express was underlined last month when pera-tor unveiled a 36 per cent increase in pre-tax profits to £9.3m 📰 🖿 1993. Of that total, the airport contributed

Those profits were boosted by the arrival if a number of new carriers, including United Parcels Services, the US express business, which don Stansted to East Midlands. Growth, meanwhile, in charter and pendinted traffic has underpinned 10 per met increase in page numbers

£2.2m after just five months as part in me enlarged group.

By comparison, National Express's core long-haul take off last year.

journeys on he UK hapress
coach business fell by 6.6 per
and turnovar declined by 120 per tres in cities.

Although the group is confi-dent coach travel will bounce back, it believes profits would be enhanced further by enlarged airport portfolio.



A complementary service: East Midlands boosted National Express profits by £2,2m in 1993

"The vision now is to expand the airport side. I would expect us to have one or two more airports by well year, but being very selective,"
Mr McEnhill, chief

Tim gamble for National Express whether it can repeat the success of East Midlands 👪 other airports. Mr McEnhill believes it can by adopting the same criteria which last July persuaded it to acquire the Leicestershire hub. National Express was attracted to East Midlands by existing and and permess and its location next the M1 motorway. Such crirules out a number of airports - many of them no more than enlarged aerodromes and narrows 陆 group's target range to a few sites, most of

them council-owned.

Mr McEnhill's bargaining position for such airports has been strengthened by govern-Public want for from bor-

rowing on the open market to fund airport facing until nonstratute elecwhere - several councils are said to be considering dispos-

"We've examined five or **4** likely sites and it and be long

before we me our target," Mr McEnhill says.

His attention is thought centre on Bristol Airport, owned by the city council, which made pre-tax profits of £2.9m in the 12 and saw passenger numbers by almost m third to 1.1m.

National Express may consider an investment in Birmingham International, which and the state of t ambitious expansion pro-gramme, while airports at Cov-entry and Southend could also The group's ability to bid for

such sites has been enhanced by the terms on which it acquired East Midlands. It funded that transaction with 217.5m medium-term 4444 man now have and cash reserves, and still emerged with a strengthened balance

The running is simple. The airport's council owners mid the site at a £10m discount to its £37m book value, and it has since been revalued at £55.1m.

Express would to repeat the exercise with other councils and is prepared to fund such acquisitions by either returning to the market or increasing gearing from cur-

Industry trends have also played a part in persuading the coach group that runways offer better profit potential than

While revenues from express coach travel have declined, regional airports 🖿 🎹 🗯 demand climb steeply. Their popularity has increased with mounting congestion at London's two main hubs and pressure on tour operators to offer more diverse departure points.

Cargo carriers such as UPS, meanwhile, have been petsuaded to move from the south-east by the promise of unrestricted night flights and access in motorway network.

Encouraged by activity, National Express has decided to up extending the East Midlands runway and enlarging the port to handle the largest fullyladen aircraft

According to Mr McEnhill developments will see National Lipe emerge as a broadly-based transport group in which coach operations complement aviation call live

"We make no secret of our desire to be an airport operator - it could account for more than 50 per cent of profits in the near future."

NEWS DIGEST

Norish shows 14% advance to **I£2.66m**

Norish, the Irish group which provides food refrigeration, reezing storage and distribution services, raised pre-tax profits by 14 per cent in 1998, from 122.32m to 122.66m (£2.55m).

Turnover increased III I211m

(1210.6m). An exceptional item oll I£142,000 represented profit on the disposal of fixed assets. Earnings per share came to unchanged iiii iii 11.47p.

adopt facility whereby shareholders could elect to have their dividends payable of Irish or UK profits.

The company will II planned

Slough pays £15m for industrial estate Estates, II industrial and commercial property

developer, has paid £15.3m for the Railway Triangle, an industrial estate adjacent to the M27 motorway in Portsmouth. The property, a long lease-hold from Portsmouth City Council, was amount from

It comprises build-

Epwin expands in

Canada

ings with an annual

Epwin Group, a maker of PVC-u windows and doors, is acquiring 50 per cent of Berlinex Polymers, based in Edmonton, Canada, for C\$3.5m (£1.7m)

own range of PVC-u window extrusions, reported profits before interest and tax of C\$819,000 on turnover of in 1993. Net assets at Epwin will fund the acquisi- £933,000.

Berlinex, which makes its

LAIT pays £9m for

from its own

shopping centre London & Associated Investment Trust, the retail property investment much, is to acquire the long lessehold of Dagenham's main shopping centre, The Mall, Heathway, for more

than 59m cash.

Zerevich is

产生.

, Salomon Brothers the

र्ज्येन सिर्वेशन (५.१)

Consideration will be financed from the group's own resources. The Mall, built in 1979, comprises 61,000 sq ft of retail accommodation. Current

INVITATION

to 🖮 Shareholders and Holders 🖬 Participation Certificates (hereinafter "Raiffelsen-Vermögensanteile")

ORDINARY GENERAL MUTING OF SHAREHOLDERS

🛁 Raiffeisen Zentralbank. Österreich 📭 to be held on Wednesday, April 27, 🖽 🖿 10.45 a.m. at 1030 Vienna, 🔤 Stadtpark 9, **AGENDA**

of the Annual Financial Accounts, of the Board of Management and of the Report of the Supervisory I the the said year IIWI

Resolution on a net profit

me the release of its members of the flowed of Management and of the Supervisory Board Manual of the members of the Supervisory Rand

reimbursement of the members of the Supervisory [

Election of the Auditors for IIII fiscal years 1994 and IIIII Resolution on the Increase of the share capital from ATS 2.660,000.000 by ATS 70,000.000 to ATS 2.730,000.000 by the issue of 70,000 new shares with a nominal value of ATS 1,000 each with a share premium of 200 percent, the new shares being entitled to profit from July 1, 1994

Amendment of the Articles of Management

Attendance is granted only upon presentation of certificates of deposit evidencing the deposit of shares or interim certificates with an Austrian are foreign bank. The deposit must be effected not later than April 21, 1994 (Section 18 of the Articles Association)

The voting power of we shareholders corresponds to the nominal value of the shares.

It was take are exercised by proxy a written proxy is required will be retained by the bank. Holders of "Raiffeisen-Vermögensanteile" are that it is the Ordinary is a Meeting of Shareholders. Their right to proven the same manner at that it is a functional in the Articles of Association by analogy).

THE BOARD OF MANAGEMENT

INVITATION

🖿 the Holders 🚅 "Raiffeisen-Vermögensanteile

A BRIEFING

concerning the Financial Accounts for 1993. This briefing will be held on Wednesday, April 27, 1994 at 9.30 a.m. at 1030 Vienno, Im Stadtpark 9, 9th floor, Room B.

Vienna, Munti IVIII THE WARRY OF MANAGEMENT

RAIFFEISEN ZENTRALBANK ÖSTERREICH



By Peggy Hollinger

Series Messes in turkey products yesterday

red meat production with the

purchase of a New Zealand

In its third acquisition in 12

months, Matthews is paying an

undisclosed sum for stateowned Advanced Foods, which has supplied lamb roasts to the

UK company since 1985. It is

believed the price is less than

the £3.9m net asset value attri-

David Joll, Hand

managing director, will the

acquisition

more limiter turkey products.

reported pre-tax
for after

of £8.3m relating to its with-

drawal from clothing leather production, writes I

There were profits of £853,000

Turnover amounted to

2114.6m (£100.6m) with £100.5m

coming from continuing

Before provisions, operating

profits on continuing activities were 23.1m (£4.7m). The pre-tax

result was after net interest

Losses per share came through at 350

ip (2p) is proposed for the year.

of H. Fill (£2.11m).

for 1992, restated for FRS 3.

Marabull.

operations.

buted to Advanced Foods.

B Matthews buys

NZ lamb business

Foods' are outside Europe, to markets such as

Matthews is expected to

invest about £2m in expanding

the business and will introduce

lamb products through its dis-

tribution outlets in France and

Germany this year.

Advanced Foods, owned by

the New Zeeland Meat Produc-

ers Board, was created in 1985 to produce lamb products

using technology licensed from

Last year Advanced Foods

made profits of less then film

on sales of £15m. Mr Joll said

the purchase was expected to make a small contribution in

man, said that wool sheepskin prices, which had been volatile

during the early months of 1993, rose sharply in the sec-ond half and had continued to

rise in the first quarter of

However, the chamois divi-

sion, although still lossmaking,

performed appreciably better in the second half, he added.

So far this year the group's factories had operated at virtu-

in addition, there was an

improving proportion of higher margin products in the sales

Net borrowings at the year at were slightly lower at

ally full capacity.

the current year.

Restructuring costs

put Pittards in loss

Exide buys Big Batteries

North America and Japan.

COMPANY NEWS: UK AND IRELAND

Irish Life shows 12% embedded value rise

By Tim Coone in Dublin

Irish Life, Ireland's largest funds manager in the life and pensions market, has reported a 11.9 per cent increase in embedded value from 12494m to 12553m (£531m) in 1993, which was broadly in line with

market expectations.
in calculating the embedded value - the financial yardstick which measures the net present value of current and future surpluses expected to be generated from business currently on the company's books - the company has moved from a 15 per cent to a 12 per cent discount rate policy. This is in line with the fall in money market rates.

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Pre-tax profits edged ahead to 1241.9m (1241.6m). Premium income increased by 1999m or 16.6 per cent - to 12697m, with the strongest growth occurring in the US subsidiary, Interstate, where premium income grew by 48 per cant to

Friendly

Hotels

profits-in 1993.

out at £2.61m.

advances

Although the anticipated

achieve increased turnover and

On turnover up from 229.6m

to £32.4m, pre-tax profits for the year to December 26 came

That compared with restated profits of 2374,000 for 1992, although the company said the advance was rather more mod-

est when compared with the

Barnings per ahare were 6.5p (9.5p losses) and a final dividend of 3.5p is recommended, maintaining the total at 5.7p.

Two new hotels were opened towards the end of last year,

and were "trading encourag-

ingly" in 1994, the company

In September Friendly raised

Wimpey extends

company.

quarrying interests

The move involves Wimpey's

purchase for 27.5m of the remaining 20 per cent interest in Wimpey Hobbs held by Hobbs Properties, a family

Mr Joe Dwyer, chief executive, said full ownership improved the group's flexibility significantly. "We will be

able to complete the merger of our two UK businesses - Wim-

pey Hobbs in the south and Wimpey Asphalt in the north

giving increased opportunities

for rationalisation and invest-

pre-FRS 3 figure of 22.54m.

In the group's core irish mar-ket, individual single premium - which had dropped sharply in 1992 to only 1255.7m - staged a recovery and grew by 64 to It91.3m, although this still well on the level of

fered through competition from low-tax savings products in the Irish market. Overall premium income in the Irish market grew by 11 per cent to If455.5m, but market share slipped by two percent-age points to 25.7 per cent.

IE141m. This sector will suf-

The UK division saw premium income grow 21 per cent to I£105.7m, but a fall in new business is anticipated in 1994, as the distribution network is overhauled and cost-cutting measures are implemented.

The company has also announced that it is to acquire another US subsidiary, the Boston-based First Variable Life for between \$50m and \$55m (237.6m). The company is licensed is sell unit-linked products throughout the in the same of same. Total funds under manage-

ment at year-end grew by 34 per cent to If6.45bn. Earnings per share rose from 10.54p to 10.88p. The final dividend un been urmand in 6.12p (5.44p) for a total up B per cent to 9.12p (8.44p).

With the sharehold M the currency crisis behind it, strong growth in the operations underway in limit the hand European arkets, and beginning in deliver m me expectations that had been mind if E flotation three years ago. An increase in embedded value of Is we look possible this if goodwill if goodwill are of savings and new business anticipated, then II many price of Will Walls cheap by UK

NEWS DIGEST

CE Heath makes US disposal

CE Heath, the insurance broker, has sold its 84.61 per cent interest in Cornwall & Stevens, its southern US-based special-ist agricultural risk broker, to insprovement in trading condi-tions did not materialise, Friendly Hotels managed to Mutual Service Casualty Insurance of Minnesots.

Total consideration was \$7.45m (25.1m) cash, of which Heath's share amounted to 86.3m.

At the same time, Heath's New York underwriting sub sidiary, Lloyds New York Insurance Company, has sold to MSI its lossmaking agricul-tural book of business for \$350,000 cash. About 85 per cent of this business is introduced to LNY by C&S.

Proceeds will be reinvested in Heath's worldwide broking operations.

Seton Healthcare moves into Japan

Seton Healthcare Group is to enter the Japanese market fol-lowing the completion of a dis-iribution agreement with Mitsome flam through a rights issue, reducing not burrowings to 1201m and gearing to 37 per subishi Plastics, part of the

Japanese congrumerate.

The deal will give Mitsubishi exclusive distribution rights for the Lyofoam wound treat-ment product in Japan. Seton will receive £100,000 immediately and the Japanese group has agreed to performance cri-

George Wimpey is to reinforce its position in UK quarrying with a move to full ownership of Wimpey Hobbs, its west country and Wales quarrying Mr Iain Cater, Seton chief executive, described wound management as an area "where we are committed to developing new products". The market was underdeveloped in Japan, he said, with significant growth potential.

Cookson to buy Union Carbide arm

Cookson, the industrial materials group, has signed a letter of intent to buy the electronic materials division of Union Carbide, the US chemicals

The final consideration for

businesses, which had sales of \$28m (£19m) last year,

was not make a will add protective coatings to the range of printed circuit board chemicals

which Cookson supplies.
The deal covers three Union
Carbide subsidiaries - London Chemical and Specialty Coating Systems of the US and Nova Tran, a UK company. They will join Cookson's

electronic materials division which had sales of \$400m last

Powell Duffryn waste collection buy

In line with its strategy of

Powell Duffryn, which has

interests in distribution and specialist engineering, said

Kiggen would complement its

European refuse collection

Fl 18m (28.2m) and net assets

Andaman expands

Andaman Resources, the Bel-fast-based mineral exploration company, has agreed to acquire Southern Roadmark-

ings, together with a 249 per cent stake in Fleet Interna-

tional via the issue of 3.7m new

In addition, Andaman will

voting deferred shares in Fleet,

a supplier of specific types

For the year to end-March 1993 Southern Roadmarkings

achieved operating profits of 2460,000 while Fleet had sales

of £450,000 for the first quarter

The shares are being plac

ordinary

of 1994.

via share placing

of F1 4:4m_

developing its share of the growing European environ-Exide Corporation of the US has moved into the European mental engineering market. Powell Duffryn has acquired battery market II acquisition of Big Batteries Kiggen Beheer, the Nether-iands-based designer and man-ufacturer of waste collection for a sum in excess of

Big Batteries, in

III a largest privately-owned maker of automotive batt-

Exide has a 35 per cent share of the North American automo-

Cwmbran, Wales, ii iii

INVITATION TO TENDER

The Privatisation Fund of the Republic of Croatia

heraby announces an open tender to sell 30,36% of the equity of

KRAS d.d. Zagreb

Croatia's largest confectionery produces

Kras is the largest producer of cocoa products, candles, biscuits and waters in Croatia. The company has the capacity to produce over 41,000 tons of confectionary products yearly and has a domestic market share of approximately 50%. Kras is profitable and has very little debt, making it an extremely attractive investment opportunity.

investors we sought who are able to further strengthen the company's technological and marketing position in and to continue in autumn.

Bids for hims wherea are to he submitted on May 27, 1994 to the Counter Film Fund. The winning bidder will the possibility of acquiring further will intrough a capital normal.

EPIC and its local partner INVESTCO name been mandated as the exclusive whiteen is the Providence Fund in the Republic of Compa regarding this transaction. Financial and strategic investors who we interested in this opportunity may many an Information Memorandum and tender documents against a fee of DM 1000 and the signing of a confidentiality undertaking. For further information, please contact us at the telephone numbers listed below.

EPIC. European Privatization and Investment Comoration Piōssigasse 8 A-1040 Vienna Austria

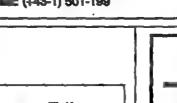
Mr. Flow Galley and (+43-1) 501-1910 (+43-1) 501-199

INVESTCO Investments & Finances Co. Gajeva 55

Mr. Andrej Deur

tel: (+385-41) 422-518 (+385-41) 431-478

HR-41000 Zagreb



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BARINGS B.V. \$150,000,000 BARINGS pic

For the months April 7, 1994 to June 28, 1994, the Notice will bear interest at 4.4375% per annum. The Interest psychie on the relevant interest psychia on the relevant interest psychiatric process. Studies on the relevant interest psychiatric psych By: The Class Municipal Bush, M.A. Lapien, Agent Bush

COMPANY, LTD. V10,000,000,000 Floating Rate Notes due April 1998 For the period 5th April 1994 to 5th July 1994 In accordance with the Tr and Conditions of the Mo notice is heraby given that the rate of interest has been fixed zate of interest has been fixed at 2.5825 per cant, per ammun and that the interest psychie on the relative payment date heing 5th July 1994 will be ¥847,743 per ¥100,000,000 Note. The Interestrial Sank of Japan, Limited (London Bonk) as Agent Eank

JAPAN AIRLINES

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FINANCIAL TIMES

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New Issue / February 1994

by Charles Stanley



U.S. \$150,000,000

Thames Water Finance B.V.

6%% Notes Due 2004

Payment of principal and interest unconditionally guaranteed by Thames Water Plc

Salomon Brothers Inc

CS First Boston

Japanese copper cuts expected after Gatt deal |Oil holds on to price gains as

By Kenneth Gooding, ining Correspondent

Japan's industry will permanently between annual smelting capacity roughly one quarter of its 🛂 1.2m tonnes – as 🛚 result 📑 government's agreement to reduce tariffs on refined imports, suggest.

This 🖿 a major sea change in the husiness," Mr John Champagne, industry adviser to the US government during the negotial on the General Agreement Tariffs and Trade. "The Japanese smelters will an longer be the power in the industry they are today."

At present Japan imposes ■ tariff a Yungu man a tonne on imports ill refined copper, equivalent M about I per Mini on the present price. As part 耐 the Coll Uruguay Round to be ratified on April 15, over the next five this will reduced in Y9,700.

changed to 3 per cent a tonne. Mr Champagne points out that the change to an ad valo-rem tariff is important in that the cost will reduce as world copper prices fall. "The protec-tion the Japanese smelters will have in future will reduce when they need it the most when copper prices are low and the margins for treating raw materials are under pres-

The present tariff barriers have enabled Japan build one of the world's strongest copper smelting and refining industries even though it has no copper mines. The tightlyknit Japanese copper smelting cartel, known in the industry as the Japanese Smelter Pool, dominates the market for (an intermediate material), importing thirds all interna-

This dominant position

Then in 1999 the tariff will be influence in the financing of new copper mines anywhere in the world because owners usually need a contract with the Pool before they can obtain

> The tariffs give Japanese producers a protected base from which to export aggressively to third countries and allow Japanese smelters to higher prices in global markets for copper scrap and concentrates, which imported duty free to Japan.

Mr Champagne, president of Magma Metals, part of the MagmaCopper group, says that, while the Gatt compro-mise fell short of the US industry's goal of removing all duties and other trade barriers on refined copper, it was "an important step to reduce dis-tortion of the world copper market and will benefit all copper consumers in Japan". He suggests that, "while a

loss of duty protection may hasten the closure of some capacity, it will not threaten the entire industry. The more efficient plants will survive". Mr Champagne points ini that the US has taken second place as a supplier of copper to Japan behind Chile, a country that enjoyed a considerable advantage from GSP (General-

ised System of Preferences) status, which permits tariff-free imports from developing countries under certain circumstances. "If it were not for the Japanese duty, US exports might have been higher still and quite possibly Chile's would have been less," says the Magma president.

Apart from being a reliable

supplier of high-quality copper, the US could deliver from its west coast ports to Japan in only two to three weeks, compared with six weeks from

Analysts suggest that the Japanese smelters will not wait until the last moment to rationalise capacity and expect potential casualties, they say, is Dowa Mining's 55,000-tonnesa-year smelter at Kosaka, which has very high transport costs because of its inland site. They also mention the possibility of Mitsubishi closing its Onahama smelter (250,000 tonnes) and of Nippon Mining shutting one of the two furnaces at its Saganoseki smelter

 World shortages of copper concentrate and scrap, as well as reduced economic activity in Japan, are forcing the J nese smelters to cut output in the first half of this year. Dowa says it will cut by 10 per cent compared with the second half of 1993, to 9,846 tonnes a month; Nippon Mining by 14 per cent to 24,000 tonnes a month; Mitsubishi by 12.4 per cent to 21,300 tonnes a month; and Sumitomo by 9.9 per cent to 94,200 tonnes a month. All four companies also intend to reduce lead and zinc output in

committee on agriculture: "Perhaps even more important

closed markets, production-in-ducing internal supports, and subsidised exports." He said this gave a signal to

closures in the next two or the first half. Japan disproportionate Japanese smelter US agricultural exports forecast to more than double

By Deborah Hargreaves

Agricultural exports from III US could more than double by 2005 to \$8.7bn as a result of the Gatt deal, according to a report by the US Department of Agri-

By 2000, lim report expects US farm exports to His by \$1.6bn to \$4.7bn, bringing higher prices producers.

begin to be replaced by the ham market under III (1881) deal, changing world fundamentally, the report "Removal will prices, dramatically some countries, and reduce world in in the least out of agreement." After that, world have will rise will M an demand.

of important concluof the ESPA's analysis by that the Outt deal will be wool

news world agriculture by raising income worldwide, which will lead in higher demand for farm products and an in prices. World prices will and by a

for and 7 in 8 the report predicts. US wheat output will rise and exports will than they bushels been ment. US farm Louis could rise by \$1.3bn in 2000 and by as much **\$2.5hn** in 2005. This would help offset spending on farm support, reducing outlays by sestimated \$2.6bn in 1111 Am export-related employment in agriculture and riby 190,000.

The Jul will wastern to keep their farm products. Mr Mike agriculture retary, explained recently to House of Representatives for the future is the discipline the Uruguay Round will apply to countries that might otherwise choose the direction of

large US trading partners that remained outside Gatt - China, Taiwan and the nations of the

Hungarian land law infuriates the business community

By Nicholas Denton

A me land he passed yesterday by the Budapest parliament severely limits foreign investment in Hungarian agriculture, one of the country's

traditionally strong sectors.

The act, although if does not existing holdings, bans new purchases of land by forindividuals and comparie la la non-Hungarian

investors to lease no more than 500 hectares and then only for

10 years in general. The business community has reacted furiously in the name legislation. "Foreign investment in the agricultural field is dead as a dodo," said Mr Adam Batthyany, head of Batthyany Securities and one of the larg-

est private landowners.
Officials in the agriculture
ministry have also been critical of the government's policy

included the limits on foreign land ownership under

An infusion of foreign and know-how and been widely seen us one way is milled Hungarian agriculture 💵 🛅 former health. Hungary bloc's largest agri-cultural exporter but drought, loss of markets and confusion over property rights caused output in fall 17 per und in and a further a per mak

GRAINS AND OIL SEEDS

M WHEAT LCE (2 per tonne)

M BARLEY LCE (E per tonne)

1 SOYABEANS (ST (5,000))

M POTATOES LCE (2/torne)

136.5

40

-1.00 -0.25

+0.36

Hey May Jan Jan Her Total

Jul Ang Total

Foreign purchases 📢 land are, however, unpopular among rural constituency with support is crucial in the conservative coalition's chances month's tions political have proved the land.
The discriminatory elements

of the land act would be incompatible with Hungarian mem-bership of the European Union, in which Budapest formally

SOFTS

The government said that the measures would apply only to the interim period leading up to EU accession and until Hungarian land prices, currently a fraction of western

rates, reach "realistic" levels. Nevertheless, Hungary's pol-icy is in general dumentic legislation with EU directives in advance of membership and the land mit with the practice.

market 'ignores fundamentals' "unrelated to the reality on the

By Robert Corzine

Oil prices yesterday held on to most of the gains made earlier this week when a rally sparked by the entry of hedge funds into the oil futures' markets caused the price of the bench-mark Brent Blend to rise by more than \$1 a barrel.

In late London trading yesterday Brent Blend was \$14.25 a barrel. Last week prices fell from the \$14 level to around 113 in the aftermath of the Geneva meeting of the Organi-sation of Petroleum Exporting Countries.

the present production ceiling

the end of the year.

the second quarter.

Many traders believe the market over-reacted to Opec's decision to forego a cut in output in favour of rolling over

of 24.52m barrels a day until

The latest price strength was evidence that it was experiencing a "guilt syndrome" for taking such a negative initial view of the Opec decision. according to Mr Peter Gignoux, head of the energy desk at brokers Smith Barney in London.

price swings ignored market fundamentals, which continue to point to plentiful supplies and relatively weak demand in Mr Vahan Zanoyan of the

Other analysts said the latest

International Petroleum Finance Company in Washing-ton said "there was no justification for the \$1 a barrel rally," which he said was

ground". He cited especially weak demand in Asia and the prospect of greater Russian exports with the return of good weather at the country's main oil ports as factors maintaining downward pressures on prices. In addition a Reuters survey resterday of Opec production suggested that the organisation's March output exceeded its cailing by 500,000 barrels a

Mr Zanoyan said the hedge funds now constituted technical in the market. They could prove particularly volatile if a "liquidated their position in time when weak fundamentals in baring their teeth," he added.

Disease slashes cotton crops

By Nancy Dunne, In Washington

Two years of disease and pest damage have slashed cotton output in Pakistan and China by a third and thrown into question forecasts of world production over the next decade. According to the Interna-tional Cotton Advisory Com-mittee, an association of exporting and importing coun-

tries, there is danger that the leaf curi virus, now infecting Pakistan, will spread to North India and Central Asia during the next few years. Pakistani production has already fallen by 40 per cent over the past two seasons, gen-

effective deterrent has been discovered. With the decline in cotton and its impact on the textile industry, Pakistan's GDP could fall by more than 2 per cent this year, the ICAC said in its March-April Cotton Review. Declining yields and rising

output costs could reduce planted acreage in 1994-95. The use of resistant varieties and a third year of experience with the leaf curl virus could lead to marginally higher yields," the ICAC said. Pests and disease are reduc-

ing the harvest in China. Production in 1993-94 is 600,000 tonnes less than consumption. According to the ICAC, the problem appears to be "of a erally the result off the virus and other pests for which no long term nature and will

tion of cotton production changes in agronomic practices in the affected areas".

Double cropping cotton with wheat, which provides a year-round boll-worm and aphids, may have to stop. In being pushed up by prices for competing crops

World cotton production in 1993-94 will be 1.3m tonnes less than the previous year and nearly 2m tonnes less than consumption projections for 1994-95. "It is possible that average prices in the 1990s will be higher than the 1980s, and that the 76 per pound average of the 1970s might be the norm of the current decade as well." the report said.

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MARKET REPORT

Coffee and cocoa futures push higher

COFFEE and COCOA futures strode higher yesterday afternoon after wavering in the

Short-covering helped the May coffee price to a fresh

someone has just decided to buy," suggested one trader.

high of \$1,425 a tonne before closing \$30 up at \$1,414. "With no coffee coming onto the market at the moment, perhaps ger, but in routine volume. The May position gained £12 to £881 while near July rose £11 to 900 stg. Traders said it was "trying" to consolidate".

Cocoa prices were also stron- Compiled from Reuter

COMMODITIES

BASE METALS LONDON MITTAL EXCHANGE (Prices from Amalgameted Metal Trading)

- ALCINETONI, SO.	PORNET IN PER	manh
	Cash	3 mthe
Close	1295.5-6.0	
Previous	1290-1	1315.5-6.0
High/low	1287	- 31
AM Official	1296.5-7.0	211
Kerb		1308-8.5
Open int.	269,062	
Total delly turnover	92,267	
M ALUMINIUM ALLO	7Y (S per	
Close	1270-80	1280-90
Previous	1285-96	1300-5
High/low	1 . 41 .	No. of Contract
AM Official	1270-5	1280-6
Kerb close		1275-80
Open Int.	4,500	
Total daily turnover	913	
E LEAD (\$ per torine	1	
Close	441-2	454.5-5.0
Previous	442.5-3.5	456-7
High/low		457/453
AM Official	440-1	463.5-4.0
Kerb close		454-6
Open Inc.	33,149	
Total daily turnover		
MCICEL (8 per ton	ne)	
Cione	5500-10	5565-75
Previous	6660-1	5620-5
High/low		6800/5688
AM Official	5495-500	\$ 565-70
Kerb close		5570-5
Open int.	48,957	
Total daily turnover	13,103	
TIN (5 per torme)		
Close	5415-25	5470-80
Prévious	5405-10	5455-60

High/low AM Official Kerb close Open list. Total daily turnover 5415-20 ZING, epe ial high grade (5 per lonne Close Previous High/low AM Official 955-8 955-8 957/951

934-5 Kerb close Open int. Total daily turnover COPPER, grade il (\$ per tonne) Close Previous High/low AM Official 1883-4 1904-5 1880-1 206,589 40,431

Spot-1.4693 II miths: 1.4644 6 miths: 1.4611 9 miths: 1.4502 87.25 85.15 30,487

PRECIOUS METALS M LONDON BULLION MARKET (Prices supplied by MIN Rothsch 385.10 383.90

383.40-383.80 Loco Ldn Me Silver Fix praroy oz. 376.00 552.50 567.55 380.70 385.85 396.50 563.80 576.70 E equiv. 262-265

Preclous Mulius continued EDLD COMEX (100 Troy oz.; \$/troy oz.)

E PLATINUM NYMEX (50 Trey cz.; \$/trey cz.) E PALLADRUM NYMEX (100 Troy cz.; \$/troy cz.) -2.70 3,872 132.80 - 282 109 551.0

ENERGY 16.62 79.854 44.251 18.70 23.844 5.070 72,111 18.90 14.41 14.53

14,22 14,34 20,403 14,44 2,838 771 164,803 32,898 IN HEATING OIL NYMEX (42,000 US galls.; c/US galls.) 17,726 8,976 4,401 788

NATURAL GAS NYMEX (10,000 minibil); \$/mmbil) Linus Day's price change High Lew list 2089 +0.020 2.099 2.070 19,407 2.110 +0.002 2.115 1.115 +0.003 2.125 2.115 1.003 2.140 1.007 2.155 +0.004 2.180 2.180 5.557 119,816

Spot and Shipment sales in Liverpox amounted to 48 tonnes for the week ende April 1, against 179 comes in the provious week. Restricted operations involved tow fres 48.65 54.537 18.571 48.80 32.390 5.091 3.550 48.40 48.40 388 48.00 5.38 331 - 2,124 13 119.158 27.555

WHEAT CST (5,000bu min; cents/90tb bushel) 338/0 338/4 329/2 100,186 338/0 338/4 329/2 100,186 338/0 338/4 331/0 21,516 3,225 348/2 +8/0 348/4 339/2 29,136 5,905 44/0 - - 5 M MAZZE CST (5,000 bu min; cents/58tb bushet) ■ COCCA (ICCC) (SDR's/Ignns +1/2 278/0 274/6 492,845 194,798 261/6 271/0 288/0 134,2618 12,596 271/0 288/0 134,2618 12,596 258/2 331,300 288/0 2,070 385 III OOFFEE LOT +30 +32 +35 +37 +37 +37 +37 +37 1425 1430 1410 1407 1399 1396 1395 1392 May Jul Sup Duc May May Total (intend didb/eine E COFFEE (ICO) (US cents/pound)

B28/0 14.165 3.445 77.71 +0.23 27.74 27.52 25.832 20.384 77.70 97.88 28.230 18.738 +0.20 27.40 27.19 10.846 2.850 +0.22 27.00 26.80 9.109 1.195 +0.22 27.00 26.80 9,109 +0.17 25.15 26.00 7,368 -11 25.80 25.38 13,867 9,109 1,195 7,366 1,067 13,867 4,286 87,524 47,288 SOYABEAN MEAL CET (100 toris; \$/tori) +0.1 188.7 187.2 30,815 10,714 +0.1 188.7 187.2 30,815 10,714 188.5 9,542 186.5 185.5 7,401 1,853 184.3 185.5 7,401 1,853 184.3 2,73

234.0 +16.2 130.0 -97.5 +27.5 105.0 -1280 1290 1230 1230 1155 1290 1275 1230 1150 1280 1,002 727

III. GOCCIA LCE (E/torms III GOCOA CSCE (10 tonnes; \$/tonnes)

+24 1139 1104 22,907 4,538 +22 1169 1138 25,406 1,825 +22 1169 1157 795 +24 1232 7,374 +24 1232 90

1370 11 3,315 1385 1,162 1387 4,140 281 1387 89 ■ COPPEE 'C' CSCII (37,500bs; cents/fbs) 83.05 +2.75 83.30 79.50 28,177 4,176 84.70 +2.85 84.95 81,36 15,595 1,847 88.00 +2.45 86.25 82,80 6,828 8 322 87.25 +2.36 87.60 84.40 4,136 93 84,40 4,136 93 86,86 1,798 80 - 284 1 86,837 8,639

M No7 PREMIUM RAW SUGAR LCE (cents/tbs) 11,43 +0,22 11.00 +0.07 2,770 11.42 WHITE SUBAR LCE Shores +4.0 329.80 325.00 6.048 1,198 +4.5 326.00 322.00 +4.8 307.50 303.00 +4.2 302.00 299.70 208 11 +1.2 301.50 299.00 640 6

SUGAR '11' CSCE | USE Carts/ba 11.28 11.28 11.03 11.60 +0.15 11.52 11.42 41,254 21,483 11.27 +0.10 11.29 11.07 30,998 5.283 11.06 +0.18 11.02 10.94 165 11.08 14.19 1.05 11.08 11.02 10.94 22 75.30 +0.97 76.35 74.05 19.349 8.111 77.10 +0.90 77.15 74.60 15.489 3.861 73.60 +0.55 71.60 72.65 3.236 645 71.90 +0.90 71.90 70.90 15.052 2.285 111 +0.08 71.53 71.10 762 +0.04 72.20 72.90 338

1,824 7,388 111 222 1,157 106 2,109 106 340 9 105.20 +3.70 105.50 101.70 108.20 ### 108.50 105.00 +4.15 110.00 108.00 +4.00 112.00 109.50 +3.30 112.30

VOLUME DATA Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT **INDICES** ne: 16/9/31=1001 REUTERS (Ba

month ago 1797.1

MEAT AND LIVESTOCK ■ LIVE CATTLE CME (40,000lbs; cente/fbs

77.725 +0.225 77.800 77.535 18,912 72,900 +0.175 72,925 72,780 12,486 73.900 +0.025 73.975 73.975 10.155 73.975 +0.025 74.000 73.976 1 73.725 +0.028 73.900 73.700 1,784 III LIVE HOGS CME (40,0000bs; cents/lbs) FORK BELLESS CME (40,000/be; center/bal

47 63 80 68 52 M COPPER (Grade A) LIME 95 111 50 III COFFEE LCE Jul 10 25 45

LONDON SPOT MARKETS TU-U Brent Blend (dated Brent Blend (May) W.T.I. (1pm est) IN OIL PRODUCTS NW \$147-148 Gold (per troy oz) §
Silver (per troy oz) §
Platinum (per troy oz.)
Patischum (per troy oz.) 545.500 \$404.75 \$134.00 -0.75 92.00c 14.25r Tin (Kuela Lumpur) Tin (New York) Zinc (US Prime W.) Cattle live weight)† Sheep (Ive weight)† Pigs (Ive weight) 151.66p 78.75p -17.6 -15.5 -13.0 Lon, day sugar (raw Barley (Eng. feed) Maize (US No3 Yellow) Wheat (US Dark North) -5.0 -0.50 -0.50 -0.50 nut Oil

48,476 -0,460 46,675 48,400 3,751 1,227 61,725 -0,300 51,925 51,850 1,227 -0,150 48,700 48,375 1,100 45,575 -0,075 48,700 48,575 1,100 48,676 -0,200 48,100 48,575 2,386 114 53.850 -1.473 54.700 82.475 4.612 1.222 54.300 1 1 64.500 1 2,500 1 1 65.500 1 1 65.500 -0.275 55.775 56.250 1 105 8 56.500 -0.290 56.500 56.250 1 0 1 67.000 - 88 1 LONDON TRADED OPTIONS

prompt delivery CIF (tonne +2.88 +18.23* +3.19*

\$552.5k \$407.5w

+5.0

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No.8,422 Set by ADAMANT

CROSSWORD

ACRO88

less productive (8)
Rushed into shed the white (10)

15 Left inside he got into the loft had left stocked up (6) Pointless clue: "Reiny meas in the kitchen!" (8)

12 Be back in time for the discussion (6)

I laid back in into a laid back in the fight (8)

Tithes went out of fashion only half of them here (10)

Only half of them here (10) 18 Tithes went out of fashion

only half of them here (10)

Test paper on literature and music (6)

Fellow supply advanced mechanisation (8)

24 Brief pang when time to fly east (6)
25 Silent revolution in American appliances (8)
26 It's a European Community task in the case in 27 The Wyear fur out all round Britain (8) DOWN

1 Swoop suddently upon traught the

exchequer | Exchange accept pound by internal direct debit? a pouze! (6) 3 Ruling an of French English

Solution 8,421 TRICE INAM O V S T CONTINENT filled the gap, leaving nothing

Miserable old news service

gets predictable 1 (8)
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8 Duly send off without notice

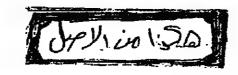
13 It's not a straightforward rep

with an easy movement (8)

society (8)

21 China, say, within two years

JOTTER PAD



LONDON STOCK EXCHANGE

MARKET REPORT

Early gains cut back before the close of trading

By Terry Byland, UK Stock Market Editor

The UK stock market extended its recovery yesterday, although shares closed well below the best of the day as Wall Street fail to carry through its overnight strength into the new trading session. Market strategists sounded somewhat cautions of applauding the equity rally, pointing out that the first day of the new financial year in the UK brought a sharp increase in trading volume which appeared to be

grounded in tax-related deals. A further shaving of interest rates at the money market repo auction in Germany together with firm performance from sterling, encouraged interest rate optimism. Gains in UK government bonds also buttressed confidence in the stock

market and little attention was paid to the rise in annualised on money ast month.

But the final reading on the FT-SE 100 Index of 3,131.5 for a gain of 15.3 was well below the day's peak and did not even match first reading on the index. opened 26 points up in the Dow's overnight rise of 83 points. The FT-SE Mid 250 index, which includes a range of second line stocks, put on 15.1 at 3.778.1.

The early strength also reflected a substantial buy which trades and originated from large US investment bank. Lines of stock, across both the Footsie and FT-SE Mid 250 ranges, were sold on Tuesday night by investors seeking to establish a tax loss for 1993-1994.

Account	Dealing	Dates
'First Declingte Mar 28	Apr 11	m.0
Option Declarations: Apr 7	Apr 21	May 12
Lust Dealings: Apr 8	Apr 22	May 18
Acotumi Day: Apr 18	May 3	May 23
"New time dealings business days cortics.	may toke	place from to

At the opening of the market yesterday, many of these stocks rebought in deals | lifted the Seaq trading total sharply.

by these tax-related deals, Seaq beautiful in the day jumped by nearly one-quarter to Malin shares. But traders mid business died away in the middle of the session, although reviving Picthroll blocks and Will Mmill

 turned easier. The Dow Industrial Average was 14 points down when London went home for the day, leaving UK traders to watch New York markets closely for ■ lead to this morning's London opening.

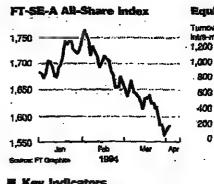
London was somewhat slower

than some continental European markets to respond to the improvement overnight in sentiment on Wall Street. Analysts of the UK market pointed to lingering tainties over the outlook for domesthe base rates. Hopes for an early cut in rates to counterbalance the to implemented Hills month appear threatened by the likelihood that the 🔳 Federal Warman will tighten credit policy again soon, as well as by political uncertainties in Mr. UK.

However, market confidence steadied yesterday. The Govett,

the UK securities house, dismissed last week's rumours that a repeat of the 1987 crash was in the offing, noting that the "pendulum of market sentiment" has swung from one extreme to the other since the beginning of the

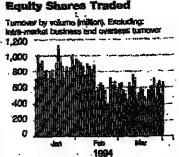
In particular, Hoare urges that the yield ratio of bonds to equities remained relatively stable around 2.1, compared with more than 3.3 m the time of the 1987 crash. "The two episodes have been entirely different," Hoare. US dollar strength helped the multi-nationals, the pharmaceutical sector in good form. Across wider range, the again on manufacturing sectors, and consumer stocks continued lag behind as the market focused on sectors more directly linked to UK economic recovery.



■ Key Indicators

dices and ratios		
F-SE 100	3131.5	+15.3
'-SE MId 250	3778,1	+15.1
-SE-A 350	1590,4	+7.4
-SE-A All-Share	1580.52	+7.29
-SE-A All-Share yield	3.67	(3.69)

В	est bettettimid secinis	
1	Oli Exploration	+2
2	Merchant Banks	+2
3	Off Integrated	+7
4	Engineering, Vehicles	+1
5	Mineral Extraction	+1



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dices and ratios		
-SE 100	3131.5	+15.3
-SE MId 250	3778,1	+15.1
-SE-A 350	1590.4	+7.4
-SE-A All-Share	1580.52	+7.29
-SE-A All-Share yield	3.67	(3.69)

1	Oli Exploration	4
2	Merchant Banks	4
3	Off Integrated	4
	Engineering, Vehicles	
5	Mineral Extraction	4

+10.3 FT Ordinary index 20,73 (20.61)FT-SE-A Non Fins p/e 46.0 1D yr Gilt yleid (7.62)Long glit/equity yid ratio: 2.15

Worst performing 2 Retailers Food 3 Leisure & Hotels Transport

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Will Breaking

Bid talks power Hogg

from Hogg Group, the insurance broker, that it is in discussions with a number of potential bidders triggered another strong burst of buying Dealers they expected an opening shot of around 210p in a bidding auction for Hogg and that an eventual take out price for de group would be in the region of 250p ■ share. Hogg shares fin-

A recovery in stock index

although the lead futures

Tuesday continued yesterday,

contract closed off the day's

3140.0 3133.0

3151.0

W FT-86 100 PADEX PUTURES (LIFFS) 225 per full Index point

III PT-BE NED 200 INDEX PUTURIS (LIFFE) 210 per ful index point

IN PT-SE MID 980 INDEX PLITURES (OMUX) \$10 per full index point

IN FT-BE 100 MORX OFTION (LIFTE) (19180) 210 per fall index point

M SUMO STYLE FT-68 100 MOEK OFTICK (LIFFE) 210 per tul index point

3880 3800 3860 4000 4080 121₂ 86 81₂ 1321₂ 2 1801₂ 1 230 1₂ 2791₂

FT - SE Actuaries Share Indice

FT-SE Mild 360

FT-SE-A 350

PT-SE SMERCED EX IN TRUSTS
PT-SE-A ALL-SHARE

FT-SE-Actuaries

Jun 9800.0 9780.0 -20.0 3780.0 3780.0 1
All open interest figures are for previous day. † Breat volume sterium.

8780.0 2777.0 17.0 3800.0 8775.0 217

2088 2078 2185, 2478 225 227 1081-7 75, 261-7 18 265, 261-7 17 861-8 1031-2 25-1465-4 51 114 88 84 78 861-7 18 46 1331-2 25-18 1821-2 251-2 1032-2 611-3 1821-2 551-2 188

5797.0

THE

Apr 6 ohge%

futures which began on

ished 23 stronger at 205p. There was widespread specu-lation as to the identities of the other companies involved in with Hogg. Inchcape, which held takeover talks with another UK insurance broker, C.E. Heath, last year, was seen Heath, JIB Group

Hambros Insurance Services. There was also full that number of III companies might he man he had principally Aon Corporation.

ICI recovery

EQUITY FUTURES AND OPTIONS THEMINA

Shares in ICI recovered from recent weakness, improving 16 to 802p, as some of the gloom-

besk after a poor opening

The Liffe June contract on

+0.5 +0.4 1903.70 1909.97 1921.93 +0.3 1881.20 1888.05 1898.30 +0.5 1678.23

Apr 5 Mer 31 Mar 30 ago yieki% yieki%

(APT)

30237

in the US markets, writes

the FT-SE 100 started at

Joel Kibazo.

8124.0

Open But price Change High: Low Est, vol Open int.

ier analysts appeared to be taking more benign view of the

Hoare Govett, a former com-MATE BOOKER WHILE THE PARTY consistently bearish, argued and subtlement in matrix Europe and a firmer to might render slightly more attractive.

Although he stressed he was yet changing his stance, Mr Martin Evans of Hoare said: "Given "Given comments from III European chemical industry...[ICI could]...surprise internal and nal observers by the magniand momentum response to better trading con-

3.140, up 13 from its

few hours. Buying was

3,156 uww lunchtime.

previous class, and moved

mixed, coming from both

mercally memories bearth of

the earlier gain, but it was

the decline on Wall Street

of June in the last hour of

6 from Tuesday's closing

discount to its feir value

premium to cash which

stands at around 6 points.

The Liffe FT-SE Mid 250

17 from its previous close,

and volume fell to 29,165 contracts from Tuesdav's

37,197. The total included

yad

14,071 lots dealt in the

3.88 6.88 6.20 6.20

2.93 3.10

turnover of 217 trades. However, business in the

Volume was 15,265 lots.

the session.

steadily forward over the next

Encouragement from Much of the conducted by S.G. Warburg, strong overnight performance on Wall fuelled have the property broker, and most in the high profile debut of the buying and from UK House W Fraser. The confi-Armer that had min the UK institutions. marine from Pine Term course Anticipation that aged institutions to larger would sell its pharmaceutical division prompted trad-

positions to the use detail The many closed at mium il in to their im price and turnover id Married was the laboral the view in Landa. However, Uni initial performance of the largest flotation this year dld no more than the taries expectable trading conditions. And analysts slightly disappointed at the volume

TRADING VOLUME

Vol. Closing Day's Occur offer thenge

Major Stooks yesterday

ing in the stock. Interest was sharpened by Boots' appointment of Credit Suisse to handle a future unbundling of the drugs arm. UBS was a keen buyer of the stock. The shares added 12 at 519p in a volume

Confirmation by Associated British Foods that it was in talks to sell its Baker's Oven chain of bakery outlets to Greggs pushed the AB Foods' in thin turnover. Greggs was unchanged #1 743p.

International conglomerate fell 4 = 265p = 1 US brokerage said to have been an active seller.

Pharmaceutical group Glazo improved Li 618p recent underperformance as the shares responded to earlier strength on Wall itre and the support confirmed that Serevent, its anti asthma treatment went on sale in the US. Media min leisure congiomer-

Pearson languished after one investor sold a block of 1.8m shares at 621p, well below the market price.

Analysts said that the shares had outperformed the FT-SE-A All-Share index by more than 40 per cent over the past year is spite of recent falls and investors had used last week's purchase I I: Past Tool-

LIFFE EQUITY OPTIONS

Apr Jel Oct Apr Jul Oct

800 2 3075 2 1715 850 48% 58% 687 2 1715 17 800 1075 30 41 18 41% 52

(*519 }

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS \$0. NEW HIGHS \$10. CHEMICALS (1) Bayer, DIVERSIFIED INDLS (I) Missiparis, ELECTRING & ELECTRING (Provwerd Tech Inds., Fujfiss, MEC, TDK, ENGINEERING (4) Haddegli Indis., Johnson Mesthey, Mosey Inds., Meteoc. BCTRACTIVE BIDG (2) Casedonia Mining, Morsuch Res. FOOD MANUF (1) Willemson, MISSIPANCE (2) Hogg Group, Saed Burill Jonat Mining Tipuling (3) Heald, Do. Wris, Worth, LEISURE & HOTELS (1) Speer LLW., MISCHA (2) Ind. Bus Comms., Mistro Pacific, O'll. 2014. Disc. Comms., Mistro Comms., Mistro Res., Comms., Comms., Mistro Comms., Mistro Res., Comms., Comms., Comms., Mistro Res., Comms., Comms., Comms., Mistro Res., Comms., Comms., Comms., Comms., Comms., Comms., Mistro Res., Comms., Comms., Comms., Comms., Comms., Comms., Comms., Comms., Comms., Mistro Res., Comms., C ED INOLS (1) Misubahi, BLECT APPAREL (1) Torsy, TRANSPORT (1) Air London, AMERICANIS (1) Long's

ANCES (4) LEISLINE & HOTELS (5) July

take profits. unusually high for the stock. The off sector president

one specialist described as its first real post-Opec test, with most oil stocks moving ahead strongly after a resilient performance by crude oil prices which held comfortably above

the \$14 a barrel level. Oil major British Petroleum moved up 7 to 357p on turnover of 14m, amid talk of good US demand, while Shell Transport, after Hoare Govett reaffirmed its positive stance on the stock, added 9 at 671p.

Lasmo continued recent good performance, the shares adding 5 at 129p on 9.8m shares, after support from the UK and US. Retail bank National Westminster, the worst performer in the FT-SE 100 relative to the FT Actuaries All-Share index during the last quarter, added

7 at 476p amid talk of substan-

tial switching out of Barclays. The latter settled 3 firmer at 536p. SG Warburg spearheaded a general advance by the merchant banks, closing 21 ahead at 778p, helped by the rally in markets in recent sessions.

Engineering group GKN put on 13 to 555p, after Kleinwort Benson turned positive on the stock. Several other brokers also bought the stock on a view that the acquisition of Westland Group will enhance

earnings. Volume in aerospace and motor components group Incas Industries jumped to 81m and the shares moved 4 ahead to 193p, after Credit Lyonnais reiterated its buy recommendation. The broker

turnover of 9.3m - Indiana a visit to the Hard-hit Fisons my | |

132p with the help of a buy Bid speculation is to Brent International as the shares gained 3 in 118%n. The improvement all a pur had rise in the smaller che company's share price since their low just after announcing . .

and profits in early March. results of the led for Manchester Innin male by recent lost ground lost. The Harm gained in in 675p. Hotel group City Cambre

which is the control to be figures. Elsewhere, was heavily traded as nil paid stock

from the many rights love on hi the mine. There was mineral that the Bully family had talled large blocks of equity with one lump # 5.6m shares mile to have been placed # 80%. The ordiung Mare Cables as day firm at 80%p in volume of 6.5m. Turnover in the nil paid soared with price adding a half at 8%p. tunnel operator

Eurotunnel bounced 4 to 509p as market watchers pondere the implications of a reported tussie over certain as of the underwriting of its impending rights issue.

MARKET REPORTERS: Steve Thompson, Joel Kibazo, Peter John Christine Buckley.

was III buyer of IIIIII M Other statistics, Page 20

1 higher

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1.1.1 No. 7.

The Edity

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PD

25.03 30.90 970.05 15.38 41.5 2459.22 40.8 3687,16 37 39.36 3852 3978.60 +1.5 2362.65 2353.36 2348.96 2080.10 2496.73 3998.38 10 MINERAL EXTRACTION(18) 12 Extractive inclustries(4) 15 Oil Integrated(3) 16 Oil Exploration & Prod(11) +0.1 ITPLIE 1784.40 1787.81 146 200 15,38 2,68 34,74 8,12 1027,87 3,47 37,38 6,06 989,15 4,67 26,77 25,02 1086,48 4,49 29,20 26,09 1030,98 6,28 19,55 5,89 968,11 3,07 44,07 12,98 1072,70 2,21 74,12 28,47 1088,50 4,63 26,03 23,99 1128,70 6,18 21,31 17,89 1001,31 100 +0.4 2084.03 2052.77 2053.52 1682.40 +0.8 1523.44 1305.37 1304.15 838.70 +1.0 2731.04 2108.57 2122.20 1486.70 +0.6 2436.23 2423.91 2440.47 2048.10 -0.3 2061.59 2047.98 2045.95 1824.20 +0.1 2030.21 1986.21 1696.43 1927.70 +0.3 1901.38 1913.24 1905.48 1401.70 +1.5 2207.50 2223.28 2225.48 1716.50 +0.5 2888.96 2883.10 2878.43 2322.80 +1.3 1773.37 1753.52 1755.44 1855.00 3.62 20 GEN MANUFACTURERS(265) 20. GEN MANUFACTURERS 23
21 Building & Construction(S1)
22 Building Matte & Marchos(0)
23 Chemicals(21)
24 Diversited Industrials(16)
25 Electronic & Elect Equip(34)
26 Engineering(71)
27 Engineering, Vehicles(12)
28 Pynning, Paper & Polog(27)
29 Teoffice & Apparel(21) 1334.16 3.75 4.47 3.62 2.88 4.69 2.85 3.82 2031,37 41.3 1773.97 1753.52 1755.44 1855.00 40.5 2737.43 2699.47 27703.03 2696.10 -0.1 2192.50 2191.96 2196.80 2077.20 40.7 2694.10 2673.53 2688.98 171111 40.3 2306.30 2268.47 2272.03 2363.10 +0.2 2567.78 2562.46 2563.64 2346.00 +0.4 1709.20 1720.78 1734.42 1747.40 +0.9 2645.65 2815.04 2830.88 2656.40 +0.3 3655.45 3842.20 3758.31 3731.70 1796.19 30 Spirits, Wines III Ciders (10) 32 Spirits, Wines III Ciders (10) 33 Food Manufacturers (23) 36 Household Goods (13) 2752.06 dh. 4.10 8.41 3.22 4.48 5.31 35 Health Care(20) 37 Presinaceuticals(11) 38 Tobacco(1) 1716.41 5.63 21.56 8.93 973.80 4.63 25.65 24.83 1050.65 10.03 12.38 2.06 824.83 6.45 908.94 3.55 3 118 972.84 2.31 80.00† 1.89 971.21 3968.D4 2.94 2020,71 3.27 2.11 2.81 40 SERVICES(220) 41 2191.22 3059.06 Media(39)
44 Food(17)
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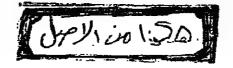
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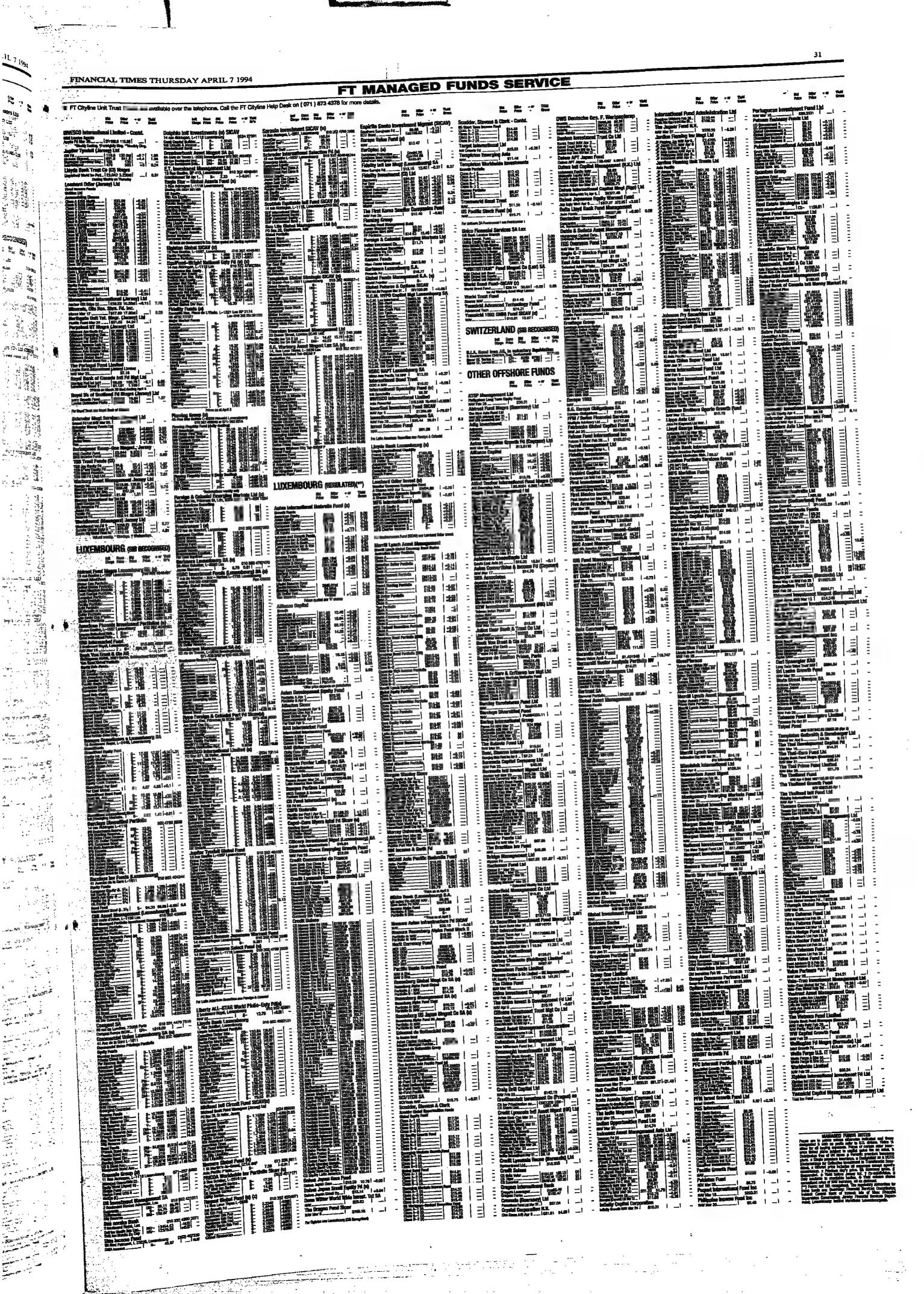
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THANAGED FUNDS SERVICE 29 FINANCIAL TIMES THURSDAY APRIL 7 1994 FT MANAGED FUNDS SERVICE ● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4878 for more details. p. 15 × 29m fr. -| Property | Property



MONEY MARKET

Dollar rally continues

30,000

Lairly small cut in the German yesterday helped the dollar and sterling maintain a firmer on foreign exchanges, writes Philip Gawith.

The US currency was also helped in a story in the Washington that the Federal Reserve was unlikely in change short-term interest rates until financial calmed.

The Bundesbank cut the by three land points to 5.73 per cent - in line with market expectations following tighter money market conditions recently.

The dollar closed in London

at DM1.7151 against the D-Mark from IIII on Tuesday. Sterling rose slightly against the 📭 📶 📶 m finat prom It was also stronger against the D-Mark finishing nearly pfennigs higher at DM2.5173 from DM2.4987.

Elsewhere in Europe III D-Mark generally firmer a range-bound trading session. The Belgian franc was barely changed the the tral bank is by 10 basis points in Lin per cent.

The Italian lira lowing signs of dissension the Freedom coalition which won last

The Washington I story quoted I officials saying until markets stabilised and the impact of the lin in the prices and rise in long term interest had been

Although higher Ul rates nobody is suggesting they will - should in dollar positive, the market that the bility will the favour the doliar - will calm IM equity and bond markets, ing capital inflows.

analyst in the bank, said in improved performance of the dollar and sterling reversal of week's indicated ■ possible "return ₩ looking III lim fundamentals rather than looking M infla-

tion."

Analysts, however, questioned the durability with the market by withdrawing a net

DM1.8bn the banking yesterday. Rates were in fairly range from 5.85 pe to lead cent, slightly from Tuesday's per Opinion seems moving higher.

There was little movement

on a sustained in the

stock and bond markets which

by no means all mark Geddes, treasury

analyst at Midland Global Markets, said he remained on sterling in particular,

which had "risen in the dol-

Mr Tony Norfield,

other supporting ling. include shrinking negative differential,

the D-Mark, and

able yield premium aterling

field said econometric estisuggested that the

pound was fairly valued "in

Short sterling futures was

continued that recovery with

basis points firmer m

points firmer in A.B.

The Bank M England, mean-

while, put the into the count market compared in

shortage of 2750m.

over DM bonds.

mid-2.50's".

in the futures market with the June euromark contract finishing basis points lower

The recent woes of the Turkish lira continued yesterday with the currency falling by 20 per cent against the dollar to trade TL40,000/\$, against Tuesday's at TL32,000, before recovering slightly N TL39.500. The central

cial dollar at TL39,933, up from TL32,053 on Tuesday. The bank, which effectively deval ued its official illian rate by 28 percent on Tuesday, calculate the as the dollar offer of 10 banks on interbank market at 1200 GMT.

The lira was by falls in overnight money per cent against IIII per cent when trading opened. Analysts and that new that the bank had devalue, it was predictable that speculators try and drive the currency lower.

thing else." I said it was "dif-ficult to find anything might right, either und political or II. In Portugal, meanwhile, the escudo stabilised as the central UK treasury economist ABN-AMRO, said there bank persisted with its policy high interest min The the D-Mark from Es101.8. The bank again injected funds the many marker at m per and 14 eent, compared to previous rate of 10 He premia double capital inflows. Mr Nor-

cent.
Mr Miguel Beleza,
I the Bank of Portugal,
TSF man has been his strategy would allow key lending ratus - such a banks' prime ram - to oten at falling.
The Belgian franc finished to BFr20.60 against the D-Mark from BFr20.61 before the trimming of rates. Analysts said Belgium had sufficient margin over Germany to cut rates.

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Apr 6		Closing mid-point	Change on day	Bid/offer soread	Day's high	Mid	One mo	eth. %PA	Three m	onthe SPA	One ye		Benk (
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Australia	(AS)			795 - 817	100		2.0791	6.9	2.0768		2.0748	6.3	:
Hong Kong	100	11.3421		394 - 447	11,3745		11.3297	1.4	11,3236	. 0.7	11.2746	0,6	
Inde	400			- 548	40.17.00			- 5.		-		-	
Jacan				ACC - IN		152,730	153.1	3.0		· 8.0	148.725	3.1	187
				THE R P. LEWIS CO., Land Str., Low, Low, Low, Low, Low, Low, Low, Low		3.9373							•
Malaysia		3.9518											
Malaysia New Zeeland	(NZS)		-0.0012	918 - 959	1		2,5988	-1.3	2.6011	-1.1	2,6097	-0.6	
Melaysia New Zeeland Philippines	(NZS) (Peso)	•	-0.0012	918 - 959 095 - 686	41,5109	40.0561	2.5988	-1.3	2.6011	-1.1	2,6097	-0.6	
Melaysia New Zealand Philippines Saudi Arabia	(NZS) (Peso) (SF)	1	-0.0012	918 - 959 095 - 636	41,5109	40.0561 5,4885	2,5966	-1.3			2.6097 - -	-	
Melaysia New Zealand Philippines Saudi Arabia Singapora	(NZS) (Peso) (SF)		-0.0012	918 - 959 095 - 636	41,5109	40.0561 5,4885 2,3006	2,5988	-1.3		-	2,6097	-0.6	
Malaysia New Zealand Philippines Saudi Arabia Singapore S Africa (Corn.)	(NZS) (Peso) (SFI)	i.	-0.0012 -0.0129 +0.0346	918 - 959 095 - 636 084 - 100 832 - 923	41.5109	40.0561 5,4885 2.3006	2.5988	-1.3		-	2,6097	-	•
Melaysia New Zeeland Philippines Saudi Arabia Singapore S Africa (Corn.) S Africa (Fin.)	(NZS) (Peso) (SR)	7.2654	-0.0012 -0.0129 +0.0346	918 - 959 095 - 636	41.5109	40.0561 5,4885 2.3006	2.5968	1.3		-	2,6097	-	-
Melaysia New Zeeland Philippines Saudi Arabia Singapoines S Africa (Com.) S Africa (Fin.) South Korea	(NZS) (Peso) (SF)	7.2654	-0.0012 +0.0346	918 - 959 095 - 636 084 - 100 832 - 923	41.5109 7.2839 1191.45	40.0561 5,4885 2.3006	2.5968	#1.30		-	2,6097	-	· -
Melaysia New Zeeland Philippines Saudi Arabia Singapore S Africa (Corn.) S Africa (Fin.)	(NZS) (Peso) (SR)	7.2654	-0.0012 -0.0123 +0.0346	918 - 959 095 - 636 084 - 100 832 - 923	41.5109	40.0561 5,4885 2.3006 38.6200	2.5966	-1.3		-	2,6097	-	

ipr 6		Closing mid-point	Change on day	Bid/offer spread	Day's high	mid lew	One no	MEN MPA	Trace me	SPA	One ye	%PA	LP Mor
		HEAT-PORT	Or Cary	shrand	INGII	104 117	FEETO	MIN	reals	ALV.	rele	791 74	H CHES
urope	1000						-			4.5	-		
ustria		CALCADO	+0.0977	640 - 690	OF REAL PROPERTY.		200	-1.8	HITCH IN	-1.6		-3.0	102
Relgium		W-2180	14.13	MI - MI		35.2350		-2,4		10.0		~1.1	100
enmark.	May 1		100			100	0.0000	-14		-24		-1.2	
intand	(FM)	1.15	40,000	100 MI		4.0	1	-1.5		-1.0		-34	76
rance	(FFr)		-0.0	630 - 657	100		&8759	-24	100	1.5		100	
iermany	(17)	1,7151	-11	146 - 155	1,7170	W	CHID	-2.1		-1.7		-0.5	200
reece	(10)	- 44-3	+0,7	100	100		100	-114	262.2	-17.1		-15.2	60.
eland	100	1.4114	+0.0017	4.3	100	1.4037	1.4784	2.6	1.600	100	1,388	1.7	
aly	64	1000	1.01	415 -	3 100 1	RECT OF	CONT. IN	-4.7	THE R. P. LEW.	-4.5	17 THE R. P.	100	76
uxembourd	a Per	- 1-4 m	400	050 - 340	35.3480			-2.4	35,4995	-20		-1.1	
etherlands	(FI)	E3		BIO BIO		100	MARKET	-1.7	LABOR	-1.4	A Marie	-0.8	100
DEMSA	HERO	ENT'S	4000	No.	0.49	No.	7.4437	-2.1	Des.	-1.9		-1.0	M
ortugal	-	COLUMN		600 - 900	Male	COLUMN	220	100	171.00	100	MILE.	-4.4	- 10
pain	(Pta)	100	+0.7	*** 300	100.00	WILLIAM 1	100	-64	18541	-4.4	MM	36	W
weden	(SKr)	FREE	-0.0		0.007	7,9332	1 200	-0.0	8,0099	100	8,000	400	- 2
witzerland	PRINT	100	-0.0117	-		1,000	1.0	100	E. U.S.S	100		0.9	- 6
	-	Allen	40,0111	67 90	120	1,790.0	VALUE	733	2	-	1 1400		
K	-		100.00			1 America	_	_		1.3		M	
CU	-	1.5	-0.00	271 - 281	1,1000	1,4000	1.125	2.8	LARDO		1,1116	1,4	
DRI	-		-	-	-	•	-	-	-	-	-	-	
igon, .		Mar. II	-	10.0	1,000	V = V	-	-	-	-	-	-	
(EZ)	100		4.54	800 - BHO	- 24		-	-	-		-	-	
anade		1.3817	-0.000	814 - 819	10.70	1,0100	1,000	-1.5	100	-1.8	1.4907	-1.6	- 5
	Peso)		-	100 to 100	3.3635	3.3570	3.3615	-0.4	9.009	-0.3	3.3707	-0.3	
SA	(2)	-			-					-			101
actic/Middle	Real Property	Sec.											
ustrafia	(AS)	1.4175	-20-	170 - 180	0.9550	1000	F240000	-1.1	1.4234	-1.7	1366	-1.2	-
ong Page	-	2.700		276 - 280	1.72	2,1890	E-Street	1600	1.7	-0.5	7.000	-04	
dia		72.	+0.0025	678 - 725	11.151	100	DV ATE	10.0	MARY	-0.0		-	
	3	MARKE	10.0000	MIN - W		104,200	VM AN	100	104.13	1.7	90004	10.0	149
alevela	OMIT	NAME OF	-0.000	FEE - 1	100	2,6870	2 6853	3.1	2.6698	8.0	ATTE	-1.5	
	(VZZB)	1.7673	-0.1000	SE - III	1.7715	1.7600	2.0038	-44	20090	-13	C PRODU	-1.8	
			-	_	27.7000		100	78.0	100		140		
	_	27.5500	-4100E	000 - 000				-	-		-		
audi Anabia		1,7		501 - 505	1.7800	8.1100	E. 10	-0.2	100	1863		-0.4	
ngapore	(93)	Market 1	4.000	730 - 740	CERTS	1.5705	A.1.	UAT	1444	40	1,005	М	
(Corr.)	(F3)		4 (0.0	320 - 370	0.0700	3,5250	0.8	-0.8	0.077	-4.8	140	-1.6	
(Fin.)	円	4.9500	6.00%	450 - 550			1,000	15.7	0.040	-7.8	-	-	
outh Kores	WH		60.3	BOR - 400	809.500		2.5	-4.4	9 15.86	-32	100	-3.1	
ahvan	110	26,3360	100	300 - 400	100		26,4005	400	- 64	-25		-	
nelland	(B 0	25.3100	18.5	10 10	25,3300	25,3000	25.39	-80	25,515	-32		100	
IDR rete for Asi	4									_			

EMS EUROPEAN CURRENCY UNIT RATES

2.17139 39.5561 1.93527 6.61072

1886,18

+0.00306 +0.0691 +0.00405 +0.01053 -0.467 -1.532

-0.034 +6.03

3.06 3.07 2.60 2.64 0.78 0.48 0.40

-5.04 -2.10

-1.15 -0.89 -0.74 1.10 1.40 1.48 1.88

0.808628 2.19572 40.2123 1.94964 5.53883 184.260 192,854 7.43679

284,513 1793,19

CROSS	RATE	SAN	D DER	IVATIV	ES										· ; ::			2.6 W.A
EXCHAI	NGE C	ROSS	RATE	8														
Apr		ille-	DKr	FFr	DM	16.	L.		NKr	Es	Pte	SKr	SHr	£	CB		. W	
Belglum	(86)	100	19.03	18.60	4,865	2.008	4695	147		481.9	392.7	22,48	4.105	1.929	3.912		298.1	2.512
Denmark	(DK)		10	8.724	2.551	1.054	2462	2.863	11.06	258.5	208.4	11.82	2.167	1214	2.056		MA	1.320
France	(FF)		11.46	10	10.00		2822	3.282	12.68		236.6	4.	2.472	I. PM	2,356	1.706	178.3	1.513
Germany	(DM		3.920	5.420	1	0.413	4444	1.122	4.335	101.3	90.88	4.832	1440	Sec.	0.808	0.583	60.66	0.517
Ireland Italy	(IE		9.467 0.466	8.276	2.420 0.104	1 0.043	2336	2.0	10.49	245.2	195.8 8.392	11.21 0.480	100	0.041	1.950 0.099	0.000	6.219	1.252
Italy Netherlands	, de		3,492	3.047	0.891	0.043	869.8	1	3.862	10.07	72.07	AMEX	100	0.354	0.003	100	54.34	0.481
Norway	, anka		9.043		2.307	0.953	2228	2.589	10	233.7	72.07	10.00	1.961	E 1117	1.859	1,346	140.7	1.000
Portugal	Ç C		3.889	3.375			962.5	LAN	4.278	-	79.84	4,573	A STATE	0.392	0.796	0.578	80.20	0.511
Spein	Pla	25,45	4,848	4	1.236	0.511	1193		5,350	126.2	100.	5.727	1.045	0.491	0.996	0.721	76.39	0.639
Sweden	(810	44.46	8.461	7.382	2.159	• •	A.	100	9.357		174.6	10	1.825		1.739	1,269	111.0	1.117
Switzerland	(SFI		4.636	4.045	М.		1141	1.328	6.127	119.8	95.66	5.479	1	0.470			72.13	0.612
UK	2)		9.866	e or	1.00		2429	2.825	10.01	7 11	100	11.65	2.126	. 1	1.0	1.4	153.5	1.00
Canada	(CS		4.865	4.244	1.241	KACA I	44	1.393	5.380	125.7	100.4	5.750	1.049	0.483	1	0.724	100	100
US	(S CY		6.721 64.27	5.863 56.07	17/90	6.775	1665	1.924	7.4 32 71.07	1887	138.7 1826	7.943 75.96	1.450	6.515	1.351 13.21	1	104.6 1000.	8.482
Japan Bou	Į.	200.0	7.678	AQ.AII	1.933	0.773	1858	2.170	71.07	195.0	10/20	(0.190	1.534	0.788	1,558	1,127	117.9	0.492 1
Yen per 1,000:	Deneh der	ne. Forns									And Bear		1.004	u., 00	1,000	11167	117.4	
Total part (press								ini nome			44.74	-a pa 100-						
II D-MARK	PUTURE	B (IMM) D	M 125,000	per DM					= 4	APANER!	Albid L	UTURES (IMM) Yen	12.8 per	Yen 100	1		
	Open	Letest		High	L	DW E	et. voi	Open Int.			Ореп	Latest	-	High	ի և	W E	ist. vol	Open int.
Jun			+0.0012		0.5			92,918	Jum		THE REAL PROPERTY.	0.9578	100,000	0.0	0.9	571 :	29.177	54,520
Sep		0.5804	+0.0000	0.5804	0.5	793	131			1	11.11	0.9629	1111	0.960		628	660	6/100
Dec	-	0.5791	-	-		-	8		Dec		-	0.9700		-	0.9	700	•	
EL CHINGS P		runus (MM) SFr 1	25,000 pa	SFr				- 6	TERLING	TUTUE	ES (MM)	282,500 pc	r fi				
Jun	0.6897		-1.000		- 11			100	Jun		.4810	1.00	-A-T				1	42,463
Sep Dec	•	0.6915 0.6930		0.6920		•	63	321	Sep	1	.4610	Lamber 1	40	100			226	000
Dec		0.000	•	ULDBG		-	1		Dec		-	1.4580	-	1.468	SU .			
*0.000.000	a latina di	Strain Strain	**************************************	হাকে কৰি নুক্তি	indone in	o de Sono	X CHARLES									ar zan zek	- 90 M (0.00)	1 - 1,00 pm - 30 2mm
WORL	PINTE	REST	RATE	S														
MONEY	RATE	5							in 11	HEEL MA	ONTH 18	UROMARI	C PUTURE	SS (LIFF)	E)* DM1n	points (of 100%	
6	- 0		Three		One	Lomb.	100				Ореп	Sett price	Change	Higi	h Li	w E	et vol	Open int.
		mo	OUT I	_					Jun		94.58	94.54	4.60	94.58	94.	54	27694	0.00
Belgium		- 1	8 N	64	50	7.40	8.00	_	Sep				48.09	94.80	94.	80 £	22833	
wom!			614	61	- 65		5.00	-	Dec		95.02	94.99	4.00	95.04			21233	166752
Prence		_		F	68	0.00	-	1.00	Mer		95.13	95.00	a m	95.15				187952
work and			89		84	1		629	2 77		DHITH IN	UPOLUBA !	HT_RATE	FUTUR		E) L1000	in point	of 100%
Germany	_		_		6.43	8.00	-	N/O			Open	Sett price	Charge	High	, Le	w E	st voi	Open int.
traiand			9.70 BW				_	8.75	Jun		01.6 8	91.87	ani.				6632	56174
H. Catalan		-	6W	0%	67/4			8.75 8.73	Sec		82.10	92.11	610	80.10		_	1644	24165
Raily		146	84	84	81		6.00		Dea		42.10	02.11	-0.06	92.26			588	36283
Week ago			i ii		all	_	5.00	100	Mar		92.23	92.24	-0.05	92.26		23	67	Servi

Dec		0.0	930	-	0.563	0 -	1			Dec	-	1.4580	-	1.4580			
WORL	D INT	ERE	ST RJ	ATES		Karab		4.7%			67999		Y (* 5)		\$\$ \$ \$\$. % Y (%)
MONEY	RATI	R.B.								ii This	EE MONTH	LUROMARI	(PUTURI	es (LIFFE)	DM1m pc	inter of 1009	6
6				Three		One	Lomb.		Sec.		Open	Sett price	Change	High	Low	Est, vol	Open in
		-	month			1000				Jun	94.58	94.54	440	94.58	94,54	27694	THE REAL PROPERTY.
Belgium		-	88	100	64	50	7.40		_	Sep			40.01	94.85	84.80	22833	SEC. 1
would				614	67	- 60		5.00	-	Dec	95.02	84.99	4.00	95.04	94.95	21233	166752
Prence	_	80		614	814	6 <u>0</u>		-	529	Mer	95.13	95.09	an	95.15	95.08	1000	187952
Germany		ωü.	600	529	976	04		ni.	100	7000	R RONTH					300	
mani ago	0		100	6.70	100	6.43	0.00		6.00		Opert	Sett price	Charge	High	Low	Est voi	Open int
Ireland		- 8		614	62		-	-	6.75	Jun	01.68	91.87	ani	1	87.84	6632 1644	56174
Harly	ii .	8%	- 22	84	81	6% 48		B.00	***	Sep Dec	92.10	92.11	-0.06	92.28	92.22	1544 688	24165 36283
treat age		674 616		61	91	817		6.GO	100	Mar	92.23	92.24	-0.05	92.26	92.23	87	FATT
Netherland		1.00	1.0	5.32					-		III MONTH I	JURO SWIIS	S FRANC	PUTURE	S (LIFFE) &	Frim points	of 100%
Switzerland		41/2	6.00	6.35 41	416	848			-		Open	Sett price	Chance	1616	Low	Est. vol	Open int
OWITZETIES K		1976	414	44	177	4		4.00		Jun	100	86.08	-0.01	98.09	88.84	5387	33500
US		38	32	3	48	479		100		Sep	100	140.09	-		100	1097	
WAR.		34		3%	24	48		LIN	-	Dec		100	-4.0		Mark T	383	
Japan		100	2% 2%	2¼ 2¼	24 24	2 <u>4</u> 2%		1.75 1.75		Mar	* MACA		-111	95.97	ille III alata ad 10	50	332
R S LIBOR	ET Land					478		1.70		A Track	主 MONTH I	CO PUIUN	ara mus	_			_
interbank A		on _	344	4	4%	411	_	_	-		Ореп	100	_	High	Low	Est. voi	Open int
week ago		-	374	34	414	44 44	-	=	- :		93.99	94.00	+0.02	94.01	93.99	347	10819 11456
US Dollar		-	3.60	3.88	4,17	4.70	_	-	_	=	-	4.0	+0.03		1	135	6635
week ago		~	3.60	3.65	4.00	4.50	-	-	-		-	94.34	1000	- 1	94.33	124	
SDR Linker Week ago		-	3% 3%	3%	3% 3%	- 1	-	-	-	" LIFFE III	of	APT					
ECU Linked						P14. 4											
									ich working								
tidy. The bank NAC rates are										THRE	E MONTH	MODOLL	AR (MM)	Sim points	of 100%		
											Open	Latest	200	High	Low		Open int.
EURO (Jun		95.54	+0.04	9	95,49		-
Apr 6		hort erm	7 day		One Ionth	Three	Six		One	Sep Dec		94.96 94.36	400	400	94.94	THE SEC	292,747
Balatan Fara					_	months		_	year	LIEG		\$4,30					232,141
Beigien Fren Danish Kron		- 6 - 51 ₂	6 ³ g - 1		a - 6	6 ¹ e - 6	61 ₈ - 6		61e - 6 - 57e						-		
D-Mark	6 -	- 57	5% - 5	4 5	- 51	54 - 54	5.2 - 5.		3 5A	US 11	REASURY D	LL PUTUR	22 (IMM)	51m 10	U70		
Dutch Guilde		516	516 - 5		- 5,4	54 - 54	5,4 - 5,	2	- 518	Jun	96.00	95.95	+0.02	96.00	95.95	MAC	$M_{\rm eff} = 1$
Prench Franc Portuguese !		- 616 1 - 10	6년 - 8 21 - 1			6% - 5%	6 - 54			Sep			48 (1)	95.55		737	9,625
Spanish Pes	eta 8,7	- 816	84 - 8		- 81	12% - 17ች 8 - 7%	8 - 73		8 74	Dec		94.98	-			511	3,837
Sterling		- 5 ¹ a	54 - 5	54	- 5 ¹ 8	5 ³ g - 5 ³ q	5,4 - 5,	2 8	3a - 5H	All Open I	1gs. en		day				
Swiss Franc Can. Dollar	44	- 4 ¹ 8	43-4			4% - 4% 5% - 5%	41 - 3	3 4	14 - 312 12 - 64		MARK OPT	IONS (LIFFE	3 DM1m p	clats of 10	O%		
US Dollar	358	- 312	314 - 3			4 - 3%	43, 41		15 - 473	-		CAL				· FUR	
Italian Lira		712	84 - 7	4 84		814 - 714	814 - 77	5	832 - 8		Jur			Dec	Jun	Sep	Dec
Yen Asian \$Sino	2, <u>1</u> 31 ₂	- 2½ - 2½	24 - 2 32 - 2	1 27 12 12 12 12 12 12 12 12 12 12 12 12 12		2% - 24 4 - 3	23, - 2		21 ₂ - 21 ₂		0.14				0.10	0.08	III 7
Short terms rai							4 - 3 notice.	1	A - 9.4	9475 9500	0.05				0.26 0.48	0.17 0.31	0.19 0.28
						-					U.U2 (274), Cags (274)						
THREE !	MONTH I	PEDOR	PUŢUR	ES (MAT	IF) Paris	Interbeni	offered ra	te et		E EURO	SWISS PR	NC OPTIO	MS (LIFFE	SFr Im p	oints of 10	0%	
	Open	Sett p		hange	High	Low	Est. v	rol (Open int.			CALI	<u>s</u>		· · · · · · · · · · · · · · · · · · ·	PUTS -	
Jun	94.17 94.40	94.		-6.03	94.18	100			60,616	Price	اعدل			Dec	Jun	Sep	Dec
Sep Dec	94.56	94. 94.		HG.08	94.40 94.61	94.31 94.51			44,099 34,880	9600 9625	0.05	0.26			0.08	0.12 0.23	
Mar		94.		H0.07	94.75	94,31	0,20		G-1,900	9850	0.05				0.46	0.40	

PHELAD	ELPHIA SE	C/8 OP	NOME (3	1,250 (cents	per pound		
Strike			US			PUTS -	h-1
Price	Apr	M	•	Jun	Apr	Mey	Jun
1,400	6.62	6.1 4.1		6.55 1.80	:	0.08 0.35	
1,480	1.00	21		3.00	0.00	0.99	100
1.478	0.42	13		1.81	1.19		100
1.500	0.01	0.4	50	0.98	3.23	3.88	
1.526	-		_	0.47	5.67	6.02	
Previous day?	s vol., Calls 10	,596 Puts 1	11,384 . Pres	v. day's open	ini., Calle 49	6,676 Puly 4	36,167
				da di sua	الشائدة في		
	100			74.97.11.			
	M MON			_	_	-	_
Apr 6		Over- night	7 days notice	One	Three months	Mortifis	One year
Interbank St		54 - 2	5급 - 4뱀	5 ¹ 4 - 5 ¹ 9	54 - 54	5 ¹ 2 - 5 ⁷ 4	해 - 해
Starting CDs		•	-	54 - 54 44 - 44	6 · 41	64 - 64	64 - 63
Treasury Silla Bank Bills	•	:	:	21 . 22	54 - 43	84 - 84	-
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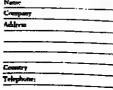
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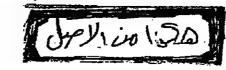
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FINANCIAL TIMES THURSDAY APRIL 7 1994 1970 Stood April 5 LIVE COMPOSITE PRICES	NASDAQ NATIONAL MARKET 4pm == April 6
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COMPOSITE PRICES The state of	Commission 20 15 16 20 27 27 27 27 27 28 28 28 28 28 28 28 28 28 28 28 28 28
FINANCIAL TIMES	Section Sect

Dow retreats after midday drop in bonds

Wall Street

US share prices fell back yesterday morning as 🛮 sudden drop in bond prices near midday in investors wondering whether Tuesday's rally was only I was in a continuing retreat by the financial markets, musi Frank McGurty in

By 1 pm, Um Dow Jones Industrial Average was film lower at 3,664.75, while the more broadly Standard Poor's 500 was down 💷 🛍 In the secondary markets. American SE composslipped 1.37 to see and to 746.51.

Volume on the New York SE was moderate, with 175m shares traded by 1 pm. Della held an edge advances by 1,051 m

When the session opened, it appeared IIII sense II normality had returned after days of routs

After the previous day's 83point surge by the Dow - its biggest gain since III - handers appeared uncertain about the IMIII step. man prices mixed, with the blue chips coming in and out II positive territory. smaller-capitalisation

showing moderate as profit-takers capi-Tuesday's powerful the Nasdag. A meaning of urgency returned later **the price of** the benchmark 30-year ment bond, which had been

showing slim the during most if the morning, lurched by nearly three-quarters Selling followed nume of mil weakness in it mortgage-backed securities market.

which dragged bonds and down lim week. quickly fell in step with the fixed-income action, but prices stabilised before another broad sell-off

Another good day for bourses as oil majors rise

Bourses had a good day overall in spite of easing in the after-noon as Wall Street found it advance, with the Market

PARIS kept on the positive track with a rise in the CAC-40 index of 27.97, or 1.3 per cent,

Activity was concentrated mainly in oils, as investors reacted to the rise in the price of crude and suggestions that some US investment funds had been switching

Elf Aquitaine gained FFri6.40 at FFr394.40 and Total FFr9.20 at FFr316.50. The had been under pres-sure and reaching highs early in February: Bif has slipped by III per III Total by III per III which pleased with its

return in profits in 1998, improved FFr9.30 to FFr323.60: Alcatel rose FFr9 = ahead if results, it after close, which in much

FRANKFURT showed some

fashionable cyclicals. III the Dax index rose 32.91 to 2.191.20 on the session, before drawing back to 2,184.89 after hours. Turnover was reported as thin after Tuesday's DM6.7bn. Among the laggards, Allianz, the insurer, acknowledged a

small cut in repo rates and for discount rate cut next week as it advanced DM62 to DM2,665 for a two-day gain DM112. In the same sector, Munich Re went ex-rights worth DM299 a share, and rose a net DM79 to In construction, sald Mr Mat-thias Welticke of Merck Finck

in Düsseldorf, Hochtief and Holzmann may lime caught in funds looking Me recent underperformers, and ready to place their firstquarter inflow. The shares moved ahead DM32 to DM1.092 and DM40, or 43 per cent, in DM925 respectively.

In carmakers, BMW, Daimler and Volkswagen all had respectable gains but they were outperformed by Bayer and Hoechst in chemicals, former enjoying the second day

100 1444.22 1445.61 1444.17 1445.73 1450.55 1446.03 1446.03 F7-SE Barokreck 200 1470.32 1466.33 1467.34 1468.75 1473.53 1473.53 1470.14 1488.41 Apr 5 Mer 31 Mar 30 Mar 29 Mer 28

of big buy order as it to DM393.10 after a rise of DM8.60 on Tuesday.

AMSTERDAM built on performance

with major international

stocks pulling ahead.

The AEX index finished up 7.41 or 1.8 per cent at 412.81. The day's activity helped by the bounce in Wall Street overnight, as well as solid gain by Royal Dutch which has lost some | per cent in value since its year high at the end of January. The shares closed up FI 5.20 at FI 193.70, with traders putting the gain down mainly to short covering, while it was also seen to be tracking the performance in London of Shell, lifted by the

ment for oil stocks. MILAN overcame some early nervousness to resume its advance although Mr Silvio Berlusconi broke off talks on a new government with his right wing allies. The Counit index finished 7.99 higher at 732.52. Mr Nicolo Braendli at Akros Sim in Milan commented that investors remained confident a right-wing government could be formed. He said that hugely

liquid domestic funds continued to buy while foreign investors, still focusing on an improving economic and corporate outlook, were refraining from taking profits after the market's recent surge.

Construction stocks had a

good day on hopes that a new government will boost building and public words. Italcement rose L520 or 3.4 per cent to L15,801, Cogefar added L74, or 3.5 per cent to L2,221 and Calcestruzzi put on L853 or 6.8 per

Telecommunications saw a rare day of profit-taking. Stet retreated L38 to L4,748 and Sip L33 to L5,797.

ZURICH was propelled higher by a strong financial sector, the SMI index adding 22.9 at 2.830.2. CS Holding bearers, the most

active issue, rose SFr9 to SFr634 after news that the group had raised its stake in its CS First Boston investment banking affiliate, in response to a request from small shareholders. SBC registered put on SFr6.50 at SFr210 and Winterthur registered firmed SFr20 to Brown Boveri moved for-

ward SFr21 to SFr1,203: the heavy engineering group said it had won a \$150 power plant order from Iran. MADRID's general index. rose another 3.13 to 322.16 as

Repsol rose Pta125 to Pta4345 in line with oil stocks around Europe, and Telefonica another Pta50 to Pta1,780 in spite of a debate on tariffs, and the implementation of Spain's policy of opening up its telecommunications sector to an expected wave of foceign com-

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ISTANBUL rose a further 7.7 per cent as the market continued to react favourably to the government's economic measures, announced late on Tues The composite index day. The composite in added 1.858.21 at 18,859.18.

However, while equities strengthened the currency weakened further against the dollar. The Turkish lira was effectively devalued by 28 per cent on Tuesday as the government announced its three month austerity package, and yesterday the dollar climbed TL7,500 to end at TL39,500 on the interbank market.

Written and edited by William

General Electric fell \$1% to \$97,

Philip Morris dropped \$1 to

\$47%, Union Carbide shed \$1 to

\$24% and United Technologies \$1% at \$64%. JP Morgan,

up ny a man bucked the

Motors was in

demand the release of March of motor

manufacturers, clim-

bing \$1% in \$58%, and after JP Morgan issued a "strong buy" recommendation. Ford inched

\$% ahead to \$60% and Chrysler

operator, fell Mil to Will on

heavy volume in 1.3m min on that that in Missouri

had rejected a proposal to

allow and machines in river-

boat casinos. In the and Sta-

Toronto early and midday the TSE

composite index

CS17%.

Mexico

and pipelines.

Equities in sharply in early

trading in tradien m an

increase in domestic interest

The IPC index declined

The interviet outsi on the St.

or 1.2 per cent, M 2,207.75. Vol-

day treasury bill, w Cetes, was

lifted by Lin percentage points

to 14.31 per cent in the central

bank's weekly lattice. This is

highest since limit

was low at Lim shares.

tion Color fell 144 to 114

Promus, a hotel and

firmed \$\% to \$54\%.

Nikkei further improves as regional markets rebound

4.287.27 in referre of 29.1m right valued of Carrier

Among individual stocks, The sharp upturn www Wall Southam was up 🔄 🖿 😘 Maclean Hunter Street and the yen's slight moved the was 225 Strength in financial serrices, oil and partilities moderately higher yesterday, idlaw keem in precious metals, mus Emiko Incom in

> The index days low of lower and high of 19,878.28. Institutional investment and foreigners seen buying, while the overnight advance on the Chicago libims market

Technical selling ahead at tomorrow's option settlements eroded some of the gains. Traders said some investors

were still nervous start fluctuations on the New York stock market, while the political situation also kept some people away. The opposi-tion Liberal Democrats have Africa closed yesterday for a public holiday. been heightening will for

clarify his dealings with Sagawa Kyubin, trucking on Y100m.

In the laint was of events, Mr Hosokawa www cucted saying the said resign Tuesday, causing uproar within the coalition and opposition parties. Volume from to Still shares from 223m, with manad par-

ticipation from overseas investors returning to the manual A series led to by The 285, with the series unchanged. The Topix India of all limit section works gained 11.58 ml 1,600.41 and the Kissen 300 put

on 1.91 m. 192.95 In London the

ISE/Nikkei 50 Index firmed 3.47

1,310.81. Some speculative favourites gained ground on individual buying: Sumitomo Coal Mining moved ahead Y48 to Y908 and Honshu Paper Y40 to Y788.

Okuma rose Y21 to Y821 and Amada Y60 to Y1,160. Textiles were also higher, Toyobo adding Y19 M Y470 and Toray Industries Y30 at Y695.

OAST. call rate rise hit Nippon Telegraph and Telephone, which declined Y6,000 to Y900,000. Earlier this week the cabinet raised worries over the possi-ble negative impact of the planned rise in mumber of public utility rates on the sluggish economy.

Foreign selling hurt Fuji Photo Film, which weakened Y50 to Y2,130. Some high-techprofit-taking, with Sony losing Y10 at Y5.990. Toyota Motor receded Y10 to

Y1,990 and Honda Motor declined Y40 to Y1,660. closed 277.36 higher at 21,963.79 in volume of 17.8m shares. In spite of the rise in the index. Acyama Trading, the men's suits retailer, shed Y200 to 34.1 higher on the day at that expanded to T\$50.02bm Y5,390 on profit-taking.

Roundup

Wall Street's overnight rally provided the impetus for sharp rises in markets throughout HONG KONG rallied sharply

on a technical rebound. although profit-taking pulled prices off the day's highs. The Hang Seng index ended 204.40, or 2.3 per cent, up at 9,234.31, having been 346 points ahead at the morning peak. Blue chip property shares

closed mixed after being propelled by strong bargain hunting early in the day. SHK Properties rose HK\$1.50 to HK\$54.60 and Cheung Kong added 25 cents at HK\$39.75.

AUSTRALIA moved firmly ahead at the opening, the All Ordinaries index testing the 2,100 resistance level for the first time in a week, before the market edged back to finish

BHP surger 38
A\$16.74 and CRA gained cents at A\$16.76, while News Corp pulled back from a day's high of A\$9.37 to close 3 cents thead at A\$9.15. SINGAPORE broadly

higher, although late profit-taking left prices off their peaks as an uncertain mood continued to prevail. The Straits Times Industrial index gained 54.08, or 2.6 per cent, at 2,115.57.

KUALA LUMPUR rose 2.7 per cent, the composite index adding 25.20 at 964.51, although doubts were expressed about the rally being sustained.
TAIWAN higher as

demand by domestic trust funds for electronics intensified in late business, on expectations of good results to come, although limited in other sectors was limited. The weighted index

was to see in turnover

MANILA surged at the close on a technical rally which took the composite index 47.33, or 1.8 per cent, higher to 2,680.01, although volume was very low. SEOUL continued the technical advance which began on Monday, although trading remained slow in the absence of fresh factors. The composite index closed 2.57 stronger

at 863.04 NEW ZEALAND rebounded from Tuesday's low for the year, the NZSE-40 capital index moving forward 78.49, or 3.6

BOMBAY was mildly higher on speculative demand triggered by hopes that foreign investors and Indian mutual funds would soon return as buyers. The BSE 30-share index finished 30.57 firmer at 3,842.72. KARACHI bounced, prompt-

ing expectations of a further rise today. The KSE 100-share index gained 19.83 at 2,432.90.

Argentina lives through trial by fire

By John Barham

of the worst perform-Ing Latin America equity markets so ir this trial by fire in international financial markets since makin currency convertible, and adopting a fixed exchange rate three years ago. In March, when the central

bank spent a record \$725m - 5 per cent of ill reserves — to defend the permethe Merval share index fell 16 per cent.

This the Merval index has remained volatile in line with international markets. losing some la per on con following day. The unrest in internation

markets has demonstrated the fragility if funding in Argenital's life external defines 1 \$10bn in \$12bn. Recently low international rates, and strong demand for private company

this painlessly.

The turmoil has underlined the precariousness regulation with brokerages closely supervised. Analysts hallem that trading will

4444		HEALTH 91			STABLE PRIC		-
			Dollar terms		_	ocal	
Merket	No. of stocks	Apr 1	over week	on Dec '93	Apr 1	over week	% Change on Dec %
Letin America	(210)	655.21	-1.8	+0.7			
Argentine.	(26)	884.86	-5.0	-11.0	542,970.69	-5.0	-11.0
Brazi	(57)	320.74	-1.7	+37.8	398,522,129.5	+3.9	+292.2
	(25)	561.09	-5.0	+1.7	960.25	-5,4	+0.7
	(11)	942.44	-0.4	+46.2	1,371.23	-0.5	+47.9
Me xi co	(88)	879.96	-4.3	-12.1	1 <i>,2</i> 71.47	-3.9	-5.2
	(11)	146.13	-2.2	+20.8	194,35	-2.2	+22.2
/enezuela ^e	(12)	7 19. 82	-1.8	+21.6	1,893.05	-1.4	+33.2
Aela	(556)	228.15	-0.0	-21.6			
China ⁴	(3.0)	100.40	-7.8	-32.7	110.48	-7.5	-32.7
South Korees	(156)	117.68	-0.2	-0.4	124.74	-0.4	-0.6
Philippines	(18)	259.60	+1.9	-23.8	340.50	+2.1	-23.3
l'alwan, China*	(90)	117.94	-1,2	-12.8	116.89	-1.2	-12.6
ncia ⁷	(77)	125.53	+2.3	+7.8	138.82	+2.3	+7.8
-	(37)	98.78	-1.5	-20.8	115.31	-1.4	-19.0
	(105)	249.79	+0.7	-28.3	248.73	-0.9	-00
	(15)	415.58	-3.7	+7.1	573.73	-3.7	10.0
Bri Lanke ^{ss}	(5)	197.97	-8.1	+11,7	210.91	-6.3	+10.4
Thalland	(55)	340.42	-3.6	-28.7	341,30	-3.9	-29.4
Euro/Mid East	(108)	120.68	+0.2	-28.7			
	(25)	247.92	-6.8	+8.9 '	420.04	-4.3	+9.2
lungary"	(5)	226.88	-3.7	100	277.52	-3.4	40.0
lordan	(13)	170.03	-3.1	+2.7	245.19	-3.4	+2.4
	(12)	880.99	-22.6	+7.7	1,230.99	-22.5	+11.6
	(25)	133.04	-1.8	+16.9	159.03	-0.8	+15.1
Turkey ¹⁵	(40)	101.91	+6.9	-52.1	1.083.54	+11.5	-25.8
Zmbabwe≝	(5)	282.84	-0.3	+40.0	334.33	-0.7	-
Composite	(871)	313,40	-1.8	-11.9	0000	-	

wipe out first-quarter earnings The moull sacking of Mr

another troubling questioned terms under which Martin Redrado as president the government negotiated

\$720m held by pensioners in privatised oil TYPF.

III 35	errill L	investment ynch and (sell share	CS First	
		c 1986=100 except lap 20 1 990; (6)14 a		
	334.33	-0.7		
	159.03 .083.54	-0.6 +11.5	+15.1 -25.5	
1,	230.99	-22.5	+11.6	
	277,52 245,19	-3.4 -3.4	+2.4	
	420.04	-4.3	+9.2	
	341,30	-3.9	-29.4	
	573.73 210.91	-3.7 -6.3	+10.4	
	248.73	-0.9	-0.0	
	138.82 115.31	+2.3	+7.8	- }
	118.89	-1.2	-12.6	
	340.50	+2.1	-23.3	

NATIONAL AND FEGIONAL MARKETS TUBSDAY APRIL II 1994					MONDAY APRIL II 1994 DOLLAR INDEX											
REGIONAL MARKETS Routes in perentheses	US	Dav's	Pound	DULART A	PPILL III 1	Local	Local	Gross	US	Pound	AT APPEL	B 7884 -	11		LLAN IND	
show number of lines	Dotar		Sterling	Yen	DM						Wast	Pleat	Local	Ed marks	maat.	
of stock	Index	%	Index	Index	index	Currency	on day	TOTAL CONTRACTOR	Dotter Index	Starting	Yen	DM Index	Currency	14ch	LOW	-
									-1		_	11 10 10 10		1-91	LUU	-
Vusitralka (69)	162.89	-0.4	10-1.00	106.82			-0.1	3.54	163.54			144.41	154.14	189.15		137,
Vustria (17)		-27	178.29	115,43	156.22	100	-1.1		4.44	183.06	11.0	159.78	507.40	100	100	1 1054
Beigsum (42)		CT B	200		MAN AND		-0.2			188.00	100	144,11	1.00	107.1	141.00	1384
Canada (107)	128.09	1.5	10.00	100	11040	128.47	6.00	100	100	0.00	82.38	111.48	127.55	100	200	1900
Jenmerk (32)		-1.3	259.98	168.33	107.00	233.61	-1.1	1.00	260.13	434.10	169.75	229.70		275.79	205.69	
nland (22)		-3.2			1111	158.65	1000	2000	141.15	142.80	MINA	NVA.		100.70	78.79	79,
ranca (98)		0.0	169.81	109.94	540.79		0.6	2.93	140.10	142.00				100		
Semany (56)		0.0	103.61	68.82	120.19		0.9	1.74	136(1)		109.36 88.04	Mon			149.60	100
long Kong (56)		0.0								130,46		LUCTO		44	474	COL
					1100		0.0		374.65	379.02	244.49	330.84				
eland (14)		-0.3	111	50.04	10.0	tttta	-0.3	3.37	178.13			157.30		209.33		157.
aly (60)		-0.9		56.24	76.11		-0.4		86.53	87.54	58,47	100.00	10.00	10.0		100
apan (469)		1.5	100	100.36	135.82		20	10.0	150.75	143AH	96.37	200.0	98.37	1.50	124,54	136.
lałaysia (98)		7.1	AAC AND	285.71		451.19	6.0		430.71	435.74		380.34	100	- 11 -	289.04	
lexico (16)	1928.40	-6.1	- 100		1711.39		100	1.0	1.0	2077.50	1000	MANAGE	7532.84	2647.08	1431.17	1000
letherland (26)	191.28	-0.4	VEC-100		10000	167,17		3.37	200.00		100	100	707.00	2007.40	19840	
ew Zealand (14)	62.06	-1,6	100		55.07		-1.7	3.99	10.01	100	41,15	55.68	100.00	222.00	10K 000	620
lorway (23)	191.58	0.6	194.02	125.62	170.00	100.00	0.9	1.73		50 m	124.23			206.42	1321.00	100
Ingopore (44)	304.63	2.4	111		270.36		8.0	6.00	297.62	301.09	194.22		110	378.92	228.08	192
outh Africa (60)		-2.6	229.65	100	100.00		000	2.50	- 200	1001103	104.22	205,42				_
pein (42)		3.4	140.27	90.82	122.90		M	4.09	133.97	135.53				280.26	THE P	VEN
weden (36)		1.2	140,27								87.42	118.30		184.8	77.0	1111
				101.00	181.78		1,7	1.62	202.42	17.0		1750	100	230.02	11 1	1
witzerland (49)		-0.5	161 23	104.39	141.27	141.89	0.3	1.64	111	161.87		10.0	141.45	81. RF	HP IN	758
Insted Kingdom (205)		0.8	189.77	122.87		MARKET	0.9			188.08	121.32			100.00	170.32	man,
SA (519)	182.80	2.1	185.15	119.87	162.23	100	2.1	2.90		W. W.	116.77	158.01	25.5	196.04	11/14	
JROPE (724)	163.70	0.3	165.81	107.35	145.28	1.7	0.7	2.92	163.22	168	108.51	144.12	0.00	178.58	MEA	143.
ordic (113)		-0.1	201.90	130.72	176.91	100	0.4	1.38		100	130.21	175.19	1000	200.00	151.61	1543
acific Basin (750)	160.67	1.3	162.74	1 (80)	ALC: UNK	108.97			158.57	160.42	4.0	LIMITE	108.08	1.0	134.79	140
uro-Pacific (1474)	161.78	0.9		106.10		10	1.3	1.86	111		100	141.60		170.78	139.82	141.
orth America (626)		2.1	181.71	10.0	100.40	179.04		2.88	175.67	10.7	154.00	18618	175.40	1984/01	173.70	5200
urope Ec. UK (519)		0.0	149.17		0.10	100	0.5	1,54	147.27	100.00	MI	130.04	107.00	155.73	173,70	IM.
acific Ex. Japan (281)		0.3	239.32	24.00	209.69	W 748	0.4	MI	235.85	238.40	150.16	208.09	DICE:	133.73	110	100
forld Ex. US (1659)		0.8	MALES	100	184	131.80	1.1	COL	250,00	230.40						
forld Ex. UK (1973)		1.3		12.7		101.00	1.6	2.07				142,43	THE Y	172.51	2000	241
forld E.L. So. At. (2118)	167 04	1.3	100.00	100.00	CHICAGO.	146.86			200	166.19	107.20	145,06	100	175.58	150.88	152.
forld Ex. Japan (1709)		1.1		118.86		175.17	1.3	224		45.75	HILL	148.42	1 10.4	178.56	152.78	154.
						170,17	1.4	2.85	4440		115.07	MAN	172,94	14.4	C 1 B -	
ne World Index (2178)	168.27	1.2	1	100		147.65	1.5	2.24	166.19	168.12	108.45	146.75	0.00			

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Thursday April 7 1994

The financial sector is changing, but Danish bankers can look back on the last few years with satisfaction.

Challenges are the same as elsewhere in the region, but - unlike other Nordic countries - the government has not had to step in. Hilary Barnes reports

Rescued by sound ratios

The financial services sector in Bank a chairman at the Bank-Denmark is in the throes of

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Competition intensifying as a result of the liberalisation sweeping through the sector in Europe; the banks are moving into insurance and mortgage credit business; the insurance companies are operating their own banks; and there is tough competition from foreign

for corporate banking business. Yet, while the challenges are the same as elsewhere in the region, Danish bankers can look back on the last few years

Losses have been incurred as a result of the recession and the collapse in property prices, but unlike in other Nordic countries, the government has not had to step in with rescue packages for any of the big

The country's banks have. been able to avoid the crises experienced elsewhere in the region because of their unusually strong solvency ratios. As a result of these, while the banking sector as a whole has suffered losses not significantly different from the loss ratios, in other Nordic countries, it has been able, with a few exceptions, to sustain the

"The worst appears now to be over," says Mr Kmid Sorensen, who in addition to being chief executive of Den Danski

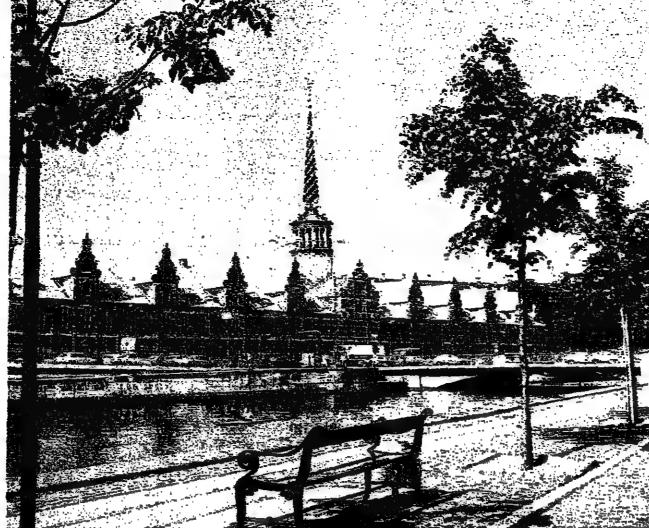
ers' Lawrence

Last the banks and savings together made a profit of DKr6bn compared with a 1992 loss of DKr11bn. There was a similar improvement in the performance of the rest of the financial industry, including the insurance companies and mortgage finance institutions.

This performance took place against the background of a stable but slack economy. The GDP growth rate in 1993, according to preliminary estimates, was well under 1 per cent and demand for bank loans declined slightly. But the economy, is also showing underlying strengths. Inflation last year was only about 12 per cent, and the current balance of payments account showed a surplus of DKr34.7bn, or about 3.9 per cent of GDP. cit is among the lowest in

The main cloud on the banks' horizon has been a disagreement arising out of the collapse of a small bank, which has soured the normally good relations with the government. As a result future attempts to rescue banks which are in trouble could be made more difficult.

Sparekassen Nordjylland (Sper Nord), a Jutland savings bank claims that in late-night negotiations last August the



pen jandmark – eithough more and more of the trade in Danish securities is taking place in London

government promised in a tax write-off of little in return for its taking over most of the of a small, bank, Himmerlandsbanken, which had run into difficulties. The legality of the write-off was subsequently questioned, leading to allegations by Spar Nord that the government had reneged on the promise. The case is currently the subject of

formance of the banks was better last year, their performance was supported by very large realised and unrealised capital

arising from the incress in bond and share prices in Denmark and from manufacture earnings from properturbulast summer.

"Without these special circumstances, return on equity capital remained and insufficient in II long run to booth the new meded for expansion, says Mr The problems appear to be

a commission of inquiry being held in public in Copenhagen. Yet, while the financial perespecially difficult for a group of middle-sized regional banks. When the strength to compete with the street land ish banks or with foreign banks, argues Mr Bjarne Jenn former banker an independent consultard on the banking industry.

The difficulties illushall by the mad perforfour such banks in recent years: Midtbank, which serves north-west Jutland; Sydbank, serving southern Jut-Amagerbanken, a Copen-hagen bank, and Aktivbank, serving east Jutland and wholly owned by Laurane group Topdanmark.

As Mr Sorensen points out, the challenge which these and other banks, including the strongest, face is how to get their core earnings (and the

windfall profits at the and earned in Family ears) up in a more satisfactory level, and

bow to reduce costs. "Even with the most favourable conceivable development in the economy, costs in the financial sector are going to be higher than is warranted by future earnings potential."

In an attempt to cut costs, reductions in staff and in the number of bank branches are already being implemented. Attempts to strengthen income are focusing on customer fees. with most of the larger banks announcing new charges for bank transactions this spring. But, as Mr Jensen points out, this 🖿 🛮 delicate balancing act for the banks. Pees could easily reach ■ level ■ which customers stopped using the banks' own plastic charge card, the widely-used Dankort, and

switched to credit cards. Yet, while in banks have avoided problems up now, and an arminu on building for the future, un same has not been true for another important Danish financial sector, insurance, The industry is still recovering from In III inflicted on II de country's then largest insurance groups, Balthe and Hafnia, collapsed in 1992-93 as result of ill-judged ventures by the ma groups'

Hafnia is been trying to control of Baltica and, together with Norway's UNI Storebrand, of the Smallish insurance company,

When I value of I gic Hafnia in line two panies 📶 dramatically in 📖 Hafnia Holding's equity capital was wiped out. Baltica's problems from property investments and high-risk property-related lending by Baltica Bank, which wound up last year.

Hainia Holding In for bankruptcy Mit year, and its insurance and other operations were taken over by Codan, con-by UK's Sun Alli-ancs, which thereby became the country's largest company in the country's largest company restructured with the assistance of Ten Transm Bank, but in the meantime Baltica Insurance is left with an ownership problem.

Following last year's struction, Danske owns 45 per cent of the capital of Baltica: the Baltica Holding (now known as Gelion) 32 per cent; and Codan 14 per cent. Danske currently trying to find a Danish or foreign buyer or for its and Gefion's holdings. If these efforts fail, Denske itself may have to take on the full owner-

ship of the group. Intense competition between Hatnie and Baltica in the late problem entire

IN THIS SURVEY

Bank rescues: big benks are reluctant to pick up the tab for little onesPage II ☐ Proffie: Laan & Spar has

been prepared for a stock

exchange listing Page III Securitised mortages: feature in Denmark ... Page N 🗆 Baltica: ownership 🔚

still to Page IV drift of Links III London causes concern......Page V

☐ Gudme Reaschou: prestige equity funding issuesPage V District specialist in finance for shippingPage Vi

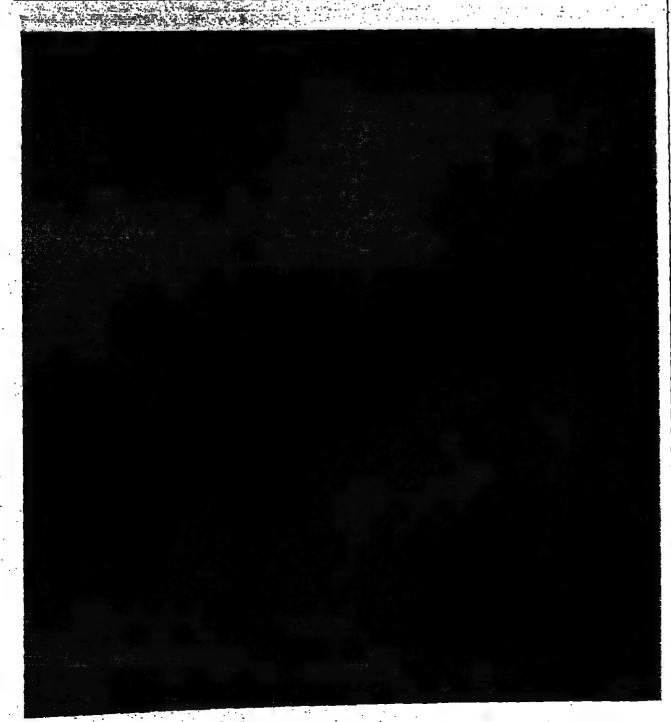
ance sector. "Competition meant med premiums did not and IIII and IIII indemnities did." ___ Mr Bent Knie Andersen, All Frentha Brand, and chairman of the Danish Insur-Companies. This year, at lest the la general mium prices. "This in ore pleasant for customers," he "but in the long run they. too, are better off if the insur-

Like the banks, mortgage credit institutions were hit by the recession and falling property prices, but they recovered strongly in 1993. They play a much bigger role in Denmark than in most countries, financing most mortgages with bonds issued on Una Copenhagen

Stock Exchange.

The largest mortgage credit institutions, Nykredit, (assets DKr417bn), and Realkredit Danmark, (assets DKr382hn), are not only larger than Den Danske Bank, (assets DKr356bn), but among the largest mortgage credit institutions in Europe. They are, however, meeting stiff competition from the banks, which have started their own mortgage credit companies, while they are not permitted

to open banks. This may be one of the next structural minera to lake



The danish bank with the local touch



MORTGAGE

NYKREDIT

Nykredit is the largest mortgage bond issuer in Denmark, and in 1993 became a member of the Copenhagen Stock Exchange. Nykredit Securities primarily trades with institutional investors and large business enterprises.

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An official commission of inquiry is due to report later this year on bank rescues

Big banks reluctant to pick up the tab

After a long recession and pressure on their own earnings, the big are now reluctant to take over banks which are heading for bankruptcy because incompetent

Mr Poul J. Svanholm, chairman 🔐 📭 Danske Bank's supervisory board (he is chief berg Brewery group 🔳 well) told Danske's annual general meeting of shareholders in March: "It is unacceptable Im pick up the the for losses incurred by incompetent manat banks."

pick other banks the floor, but it already has a one third share if the market. Apart from the question of losses to lim shareholders, it not feel that it should grow larger by acquisitions, Mr Knud Sorensen, its executive. Unidanmark. is no more anxious to ailing banks than Danske, Mr Thorleif Krarup, general manager.

Since according Mr Eigil Molgaard director industry supervisory authority.

Most have been absorbed by other banks. Only four have

but in the cases when banks

Number of Limits

bondholders did.

foreign banks

Employment (full time equivalents

mn bankrupt, mick and

There and notable bank

closures in 1993, and the events

which led to the closures did

nothing improve im pres-

tige of the banking world with

the general public. The two

banks Himmerlandsban-

and Varde Bank. M Him-

merlandsbanken, serving III

north Jutland town 🖼 Hobro,

by Spar Nord, in north

gone bankrupt. In no case did depositors lose their money,

Jutland savings bank, while me rest of the bank went bank-Varde Bank, based in the

Jutland port of Esbjerg, was the country's 10th ranking bank with limit II about DKr12bn.

3.059

tomers, purpose whom did not

ries a degree of risk which is

not associated with mortgage

investments have the

shareholders). The government

The bondholders have

banks may not lend money to their customers to buy bonds in the customer's own bank. As Sydbank took over more liabilities than assets from Varde Bank, Varde Bank had to pay Sydbank for the acquisitions. This required loans to Varde

Danish Banks and Savings Banks 192 177 195 2.81 2.570 2.884 49,584 41.40 49,466 PI PI

Bank by the Central Bank. The

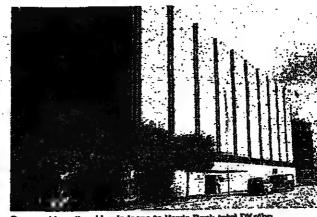
most of were taken over by Sydbank, the south Bank loans W Jutland savings bank. Both Bank-in-liquidation total banks to strengthen their capital adequacy ratios by sell-their local cus-DKr4bn.

In return for the Folketing's (Parliament's) approval of the rescue plan for Varde Bank, the government agreed to set up an official commission with a directive calling on it to set out models by which in future the banking sector itself will finance liquidation of trouted to report until later this

tant change has been made in the rules governing the banks' and savings banks' Depositor Guarantee Fund, which may help is smooth the way like bank liquidations.

The fund, which is financed by the banks themselves, guarantees that us one with mat in a bank il under DKr250,000 will lose money if a bank Hitherto, the fund has only been able is guarantee depositors against

The change in the fund's rules now enable the fund to guarantees funds provide for the ordered winding up of a bank, if this would be cheaper for the fund than having to meet dille from depositors after a bankruptcy. The banks feel strongly, as Mr Knud Sorensen, chairman of the Banker's Association, says, that whatever conclusion the official commission into bank rescue methods at, it must avoid setting up system with a built-in safety net.



ening powers of IIII Supervisory Agency. He bankrupt. The risk must exist, and it must be clear to manthinks, is example, that is agements and supervisory may be to the supervisors powers to dismiss boards, and they must be prepared to take the necessary the management and supervi-sory board of a bank which is steps to prevent their bank from collapsing. If the risk is

"A bank must be able to go

He would support a strength-

removed, we shall see banks heading for bankruptcy and where the management is not doing some stupid things, to the detriment of the banking doing enough to stop the rot. sector as a whole and in the last resort to the detriment of The debacle at Himmerlandsbanken other well. Spar was the state budget," he said.

convinced (and so was the pub lic when Spar Nord published which it received from the government) that it was promised DKr17am tax-write for taking over most of

Himmerland's assets. When the of deal slipped out, accountants pointed out that while a tax write-off is legal and correct when one company takes over another company in its entirety, a write-off, such as the one Spar Nord | claiming. is not when only part of the of a company are

being acquired. The possibility the government had committed a breach of the law of the land prompted a right-wing populist politician, Mrs Kirsten Jacobthe Proper Party, to start a hue and cry against the tax minister, Mr Ole Stavad, a Social Democrat.

approved write-off. still in the balance, but the government to postpone a show-down with the opposition. It - up commission if inquiry who said and what during the weekend in August when Spar the write-off from a government desperate to avoid a bankruptcy and all the complications for local which Ill would have caused

Hilary Barnes

Profile: Danske Bank

Prudent lending policy pays off for shareholders

banks, Den Bank and Unidanmark, are the result 5 the merger, in 1990, of the country's all largest banks

But there similarity ends. Unidanmark 🕡 merger of Privatbanken, the savings bank, SDS, and Andelsbanken) has plagued by heavy losses. The bank wow recovering under 👪 management of Mr Thorleif Krarup, brought in from 🕮 in 🖦 1992, and I highly successful international equity this spring E has been

Danske collapsed in 1920 and had to be by the state

well-placed to lake advantage dia coming upswing.

Danske 🕍 🖂 🖼 Danske Bank, Copenhagen bank and Provinsbanken), on the man hand, has emerged from the recession years as the ligneL strongest and and profitable in the larger main. Danske's assets at the end of was Ministry compared Unidanmark's DKr242bn. Danske made a net profit of DKr2.4bn in 1993 to Unidanmark's DKr885m.

Even more striking in a com parison of profits were the entire recession period. ARITY VERN.

Dunate until profits of DKr5.7bn, Unidanmark made lawer of DKr2.6bn. In min 1 equity capital peaked at DKr22.5bn in 1989, slipping in DKr20ba in 1998 Unidanmark's peaked M DKr18.6bn in 1989 and was down 🜆 DKr11.5bn at the end of

The attitudes the in their respective lending policies. Danske (when was known as Landsmandsbanken) collapsed in 1920 and had be rescued by the time it make have been permeated by conserva-I'm sum since.

The has shown up in the ne provisions as a personal of lumin and guarantees, which neaked at just were I per cent in and fell to 1.4 per mus in 1661 Unidanmartin percent in 1992 and were down in LT per cent in 1993.

With a 35 per cent want of the domestic market (measured by 💷 Danska does ne with to become larger except by organic growth tive, Mr Knud Scrensen. But the bank 🖩 not, therefore,



without ambitions. Mr sen chaulfied illumin at a banking held in Copenhagen recently by business newspaper Borsen, when

Tregard in new business with insurance and credit, we see no ason why, over a period 🖼 years. we should not obtain a market share which is equivalent to our simm of the bank-

ing market." Mr Sorensen says that by his he also meant organic growth, and he intending to say that Danske plans to the Baltica insurance group, although he does not rule item out.

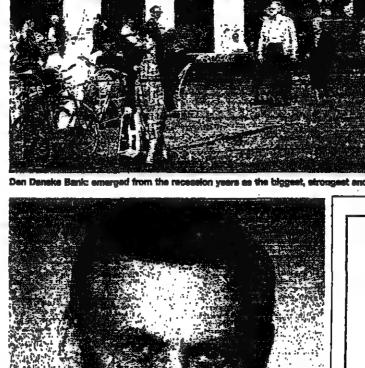
other buyers for land cannot 🖿 found, Baltica may land in December anwilling

Barring acquisitions. to win a one-third either insurance of mortgage credit. Its market shares in accident insurance, life and pension assurance and mortgage credit are still under i per cent.

Nevertheless, ile bank's operations has two whollyowned insurance companies, a and me i company, as well as general insurance company jointly owned Caletti ere a sign W lie times. Danske - together with the other larger banks - II meeting competition in its customers' money by offering customers lis opportunity to la insurance and mortgage finanwith the bank.

(The insurance companies, course, and doing Uni same, setting up in in order Miles Savings Market Trees their insurance customers.)

Mr Soreusen's was an interesting exposé of im 🖦 🎳 basic approach 🛍 busi-- contribution in the growing literature which





exception in the strate-

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gic planning approach M bust-"The world is unpredictable,

usually wrong, plans, which can never be kept, we try im maintain in permanent preparedness 💷 🔤 change ... to react constructively unexpected developments, exploit opportunities which suddenly appear."

But, he went on, there

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only one form if growth that liferial the bank: growth in profitability, will net profits as a return on capital per that as a financial The bank a return

on equity last year ■ II per cent - "But I am afraid to say that in 1994 and the immediwe cannot 🔫 🕶 obtain a return 🔟 anything like the same level," he and "A given level of business, including the number of branches and staff, is in principle only desirable II it brings a satisfactory return on li capital which our have made available 🖿 us," he

It may sound routine in Anglo-Saxons, but it sounds notably hard-headed to Scandinavian ears, where the often balanced against the employees and the community at large.

Hilary Barnes

- **Equities**

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fourties the founder, ingvar Kamprad, built up IKEA.

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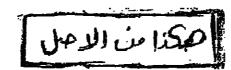
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DANISH BANKING AND FINANCE III

Jyske Bank discloses more than expected

Points scored

Jyske Bank, the Jutland-based bank which Las the try's fourth largest assets of about DKr56bn, has long provocateur, losing an opportunity to were verbal points off the big Copenhagenbased banks.

THEY BERRY

Control of the contro

It has done it again this year. It has defied recommendations of the Bankers' Association Finance Supervi-Authority by disclosing much more information about the bank in its 1993 annual report than we supervisors recommend wother and dis-

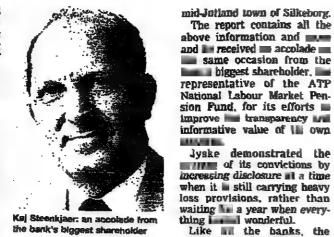
Jyske's not met with universal acclaim, and some wind taken by Unidanmark which when I launched its international equity issue in February had to disclose more infi in the prospectus than would have been required by an directed at Line tic investors).

There just touch in the comment a senior la pointed a the new more swearer disclosure practices by the Swedish banks and not helped them us their investors to foresee Ila difficulties which the Beatlan banks men in

The problem is and so much a general desire to marks closure, however, 📰 🛅 📰 🗗 want and hanks should first agree on Whill le chiclesi real to manus that the extends ne the information University means that like an 🕍 safely compared with

The problem M a long-standing one, and Ma Bankers'Assostiller and the Supervisory Authority we will working towards acceptable

and standards. Information which is met normally leaded by distant inches instrument like of trees. performing loans, the size of the contingency reserve (the



nkjaer: an accolade from



Leon Rasmussen, Jyake's rman: bottom line impro-

sum if past loss provisions after deduction of realised losses), lending by business sectors, and analysis of credit policy and market arising in changes in interest rates, foreign exchange gyrations, share price movements, and liquidity

"I'm blowed if I can see why we shouldn't tell our own shareholders and a same as much Unibank in tell foreign investors," Jyske's executive, Mr Kaj Steenkjaer, when he presented his bank's 1993 annual report 🚚 the bank's headquarters in the

For five your Mr The Street has been preparing Lan A. Spar, medium-sized Danish retail bank, for a listing on the Copenhagen stock exchange. The delay III Im peces

sary first, convert the limited large from self-governing institution. This was in 1990 through issue of shares bought by 131 investors, including trade unious, pension funds institutional inves-

The report contains all the

Jyske demonstrated the

line improved Lili year.

Jyske made m profit of

loss of DKr919m. Loss provisions cut to

from DKr1.26bn in

1992, while realised and

gains securities to lim profits

against | loss of DKr7m |

The bank's capital adequacy

ratio is strong, will tier uncapital in 8.1 per cent of

risk-weighted and and

inial capital adequacy ratio at

But non-performing credits.

under and per cent

of loans and guarantees in

1 4.10 per cent

provisions a a relatively high 3.2 of guarantees, though

disa Disa a peak of 3.1 per

cent in 1141. We also now

know lim Jyske limit always

in liquid men un

lend in meet day-to-day needs,

or ation five per cent of

At the end of last year it had

Hand to cover

m period of II weeks 🛍 m

deposits were renewed. The

there's no need in rush.

situation no

seems to clear:

Hilary Barnes

from 3.4 per cent in

10.9 per cent.

share issue was in the by a far-reaching transformation of Laan & Spar IIII I direct bank. To increase productivity distribution law been changed. The of nine branches have been dead and carrier house in information technology fully atilised. As a direct bank, Law target customers white I workers and demics - have been given the MAIL by telephone, telefax, mail and later

of the bank's high interest margins, the bank - lied the new the the tion channel had to provide better prices limit that of petitors attract new and a though it would impossible 💷 offer 💷 new discount pricing scheme 🖿 💵 existing

The distribution chanmade it possible for lated in make its system more efficient, At we were time, the bank's line of products has been inform to create greater simplicity and transparency. Corporate customers were from the bank's tar-

Life your LAS lebratation a service channel III diskettes. These include appliforms for loans, an interest rate survey of the 37 banks, covering ■ period of four-years in all main products, information on the man of changing banks, personal int calculation programmes and a personal budget proProfile: Laan & Spar

Technology helps build bridge to the future



The diskette II ran 🖦 🛢 is distributed in to existing and potential automore. Later fram year in August, Later plans to introduce like and in home banking system

Before the bank's transfo mation, the limit profitability and capital than were weak. It saw In introduced very tight agement policy permitting only limited currency dealing foreign exchange currency is limin in buying/selling of travel currency - and internal

A structure was designed the corporate leadership which went implement bank's changes. "The be participa management. The organiitself should develop the pure and changes on a continuing basis," We sale

This strategy was very sucmarril min the profitability of LAS Mirror for him William lair the change in ill ownership structure il following year. "The annual interest margin lowered in three per and from 10 we cent and, if the war time, with bution, production, - and who care have been returned. This is in in bigger volumes

Mr male explains. L&S' capital by more than 100 per and through the company's changed and the arms have concept was launched publicly. The hard new man have indicated run main intentions: in achieve big a in which they invested and to maintain a desire bleaste over the book whire it bemins

and increased profitability."

listed on my exchange. Last year life make will programme and the new live merged into a dhuse does programme. As the man from the residence number of hunries trace formed imm local direct lands which could all their regional marian limb filter ing has same prices as has regional management

In 1873 Discount and Advance Payments Bank. III known, failed in its first attempted launch on ille exchange. According to Mr Schou. • small circle of civil sought in benefit from attractive market conditions to raise capital for lending activities directed

The result was dismal. The bank just DKr40,000. Seven years later it merged with thrift society. In month, L&S an estimated DKr130m and to the best ment and to see its first trading day on May 6 on the Copenhagen

Until Last the level of the activity relatively and it did not experiany real growth until during the period IIII U when it achieved DKr1.4bn and ranked number . Following ... management change and restructuring of the bank, Land improved lin ranking to grown to DKr4bn.

The first many by me new our following its religions of Mr predecessor chil meritin in 1988 was in attempt in turn Las around. But this minimize with the start of a resembler. The missing profitability and capital base clearly should that everything had in changed," according to Mr

is turnaround had in be milliotellate in steril for it. for Life to attract fresh capital until profitability and productivity could M documented mer a period II a number of

Although a few I the bank's competitors have sought to imitate L&S none have mandistribution entities. The imitations are purely telephone

banks, he maintains. "Laan 🛦 Spar sees the mix of and the centrally-placed direct branch as a bridge in the future. We believe that customers below 50 years of age will get used to the direct bank [concept], while the warm beyond if 🕶 🚽 🐷 wili 🖢 reluctant to become direct customers, he said. The mal profitable private remain how ever, une older than

This Last distribution and production systems are being trimmed further and have been directed quality improvements maintaining price competitiveness

Earlier this year in hank's competitors introduced fees, but L&S ___ ah ii maintain In four year-old in due to lie success of lie streamlining concept.

The bank has budgeted in a DKr52.7m against DKr62.5 124 The decline II mainly attributed w an increase in duction capacity and fall in drop in interest levels from

IMI lei 1994. LAS PANIS strategy is in making its ability to many large investments in informatechnology his made reductions, la heartimer to maintain Lei develop motivated and committed employees, in maintain lie ability to listen to in resident ers and the capability and quality withe manager company undergo ing changes.

Venture Capital

Funds for starters

The speciality of Mr Michael companies they are supposed tions or go public. rentra capitalist, is making companies grow, and his youth - he is only 34 - he already has several writes

Hilary Barnes. In terms 🔳 🕮 capital available, Mr Mathiesen's operation minute, but he thinks of the capital important than the curcept wenture capital he is introducing 🜆 Denmark, arguing that many venture capital companies have not their starting point

Mr Mathiesen began his when, mi yet we business school (which he completed), he was a large company, Dataco, in 1860 to produce a local area network gadget, which was firms to network computers made by manufacture. In 1996 was in for DKr400m. with sizeable proportion of the proceeds going to Mr

He subsequently with wenture capital 2M Invest. Among 2M invest's other owners we large, trade-union controlled fund, 🖿 LD Fund, and the Association of Danish Engi-

neers' I Fund.
The object in 2M Invest is to provide seed-funding to new companies, but before he 🛋 the company up Mr Mathiesen first took a lime look III funding works in line US and why it lime not work well in and of Europe.

The problem with European venture capital companies is very illim they do not know enough about industries in which they are invest-

ing, he sa Second, we venture capital companies often have large of available, but limited management A pun develops between the venture capitalists and the

INDEX OF FT SURVEYS

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ture capital managements trying to keep an eye I far too

many companies. that the venture capital companies - and it applies with even greater emphasis in pension in have very large sums if that they inot have time rest in small companies, so seed-funding M promising companies a neglected area.

Will III Invest, We Mathiesen with to transfer the The companies in the internal in

The object of 2M Invest

to provide seed-funding to make companies

technology industry "because what what about." Description in the sale "all the of industrial experience, I the com-

panies 🕍 📂 respect us". The portfolio, currently four companies, will imited to 10 or 12 companies, m that main manager 👪 supervising 📧 progress only three or four

companies and he time W

🕍 more than just look 👪 the financial We other venture capital companies - being enough III illa maranas so we must be," be said.
Other criteria be 2M Invest's

investment are that I target must own or partly own its technology; the technology must have a global appeal; and must a on the brink of a rapid growth in

2M expects in take companies from 11 start-up phase to a turnover of Alm W which point they would become the target Im acquisi-

a young Danish to be nurturing, with the venlio include three I one American. The Danish companies

Scanview, which manufactures image scanfor the graphics industry. It founded in I'm Turn-last year about DKr100, and budgeted turnover for I'm is DKr175m. Mr Williams sees Scanview = n Masdaq listing in a way or two.

Hypercom II Danish-British program with the first the produce and develop software and hardware for multibroadcasting, a company which, in Mathiesen believes "gigantic potential".

Hypercom II providing the using a teleteri application enabling ties to in received in a per-

Militaire: was familied in 1965 and has a turnover of

The majority is part trading nents, part development engineers to develop special components for applications by mair of around Dillemen within predicted

American RadioMail, joint founder, Mr Geoffrey Goodfellow, Illian rola and W Invest.

ware wireless-based electronic mail system. Using a pocket computer and a two-way wireless device, with come in a zip-up case airport paperback, in America n and docufrom anywhere anywhere it may come.

The first Earth and base in Europe will be opened soon in the Netherlands. RadioMail won the Mobile the Year prize at the Jose, California, Nobile 'M. exhibition in March. With only RadioMail, - Un Milliam has exciting future.

Finally, through a second investment Lastern Business Investments, Mr Mathiesen III Jun III up a company in T. Petersburg, Russia. It manufactures metal components We export with which ern Europe, with marketing function taking place from Copenhagen.

The company was opened just wear was and the production Danish marketing concept working. ald Mr William

"The company is beginning to fly," he says.



Power

Electromagnetism was not invented in Denmark, but it undiscovered there.

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DANISH BANKING AND FINANCE IV

The country's distinctive mortgage credit system has survived a turbulent economic period, says Hilary Barnes

Securitised mortgages have been ■ feature of Denmark for and, "no mort-bondholder has ever lost his money in the 200 years the

system has existed". says Mr Lars Rohde, a member of management board Realkredit Danmark ill changed its was from Kreditforening Danmark in 1993). one of the impliancest mortcredit finance

The Danish mortgage system is unusual. Virtually all mortfinancing is done through the bond-issuing institutions. These were until recently selfowning of borrowbut they have been converted into limited compa-

The holding companies in the mortgage groups, however, continue to m owned by the borrowers. The companies are not listed un the Stock

Tryg

Alka

Danske Liv

₩\$-¥

100

The largest insurance companies 1992

Gross premium medium (DK) billion

Cotal number 194

Limited Mutual Foreign

Three biggest groups back in the black Exchange but the bonds they Mortgage bonds account for around half if the turnover in

Nearly all financing L done through the bond-issuing institutions

honds on the Copenhagen

Stock Exchange. The system functions efficiently because II is supported by an infrastrucexist in many other countries. There is an official property

registration and mortgage registration system (covering not only by the mortgage institutions but private mortgage notes, known as "pantebreve").

This infrastructure means that there is a quick and legally simple means reclaiming property if the defaults mortgage payments.

Ownership is always known, and una are privileged liahilities which unregistered and therefore unknown to the lending institutions, as Mr

Funding and loans by the mortgage credit groups are matched: 30-year loans are matched by 30-year bonds. There is no mismatch, "which gives the system stability",

says Mr Rohde. Nevertheless, the mortgage finance institutions are just emerging from a turbulent period, on which Mr Rohde's judgment is: "We survived." The combination of moving from high to low inflation in the late 1980s and the which began in 1987 had as dramatic impact on lie mortgage credit institutions as it did on the banks. As commercial and matter property prices collapsed, the level III defaults and executive auctions assumed a scale

There II quick method of reclaiming property if the owner defaults

was as bad as anything experienced in the 1930s.

There was no question of the mortgage institutions going bust, but at the peak of the crisis a situation was reached when it appeared that the institutions mult no longer have the capacity 😐 🝱 🛍 new loans Drastic action was called in put the institutions into shape.

Realkredit Danmark has cut. its staff by 35 per is since I tightened up E credit policy III avoid new losses, and increased the margin (between it actually raised and what it lends in the house-

similar

have begun in the and in the same and in the s expect the level is bad institutions have provisions will begin to fall. Last year brought relief. The three largest groups were back Ownership of Baltica remains to be decided, writes Karen Fossii

Falling interest in in opened the way for mortgage he lo no wird loans ing report in nine to 11 per to with coupons of six and per cent, which brought on in companies enormous para of

into the black, Realkredit Dan-

mark turned 1992 best of

DKr1.47bn Nykredit moved

from a very small profit of

DKr46m to a profit DKr1.32bn.

high - the standards of mortgage credit - loss provi-

fine if around 0.7 per is of

lending, but property prices

They continue to

The launch of ■ new series of 30-year bonds with six per cent coupon was sim popular with 🔤 markets and created a of highly liquid securiin which there substatutial funder business. From point of view of foreign investors, however, and carry number of the vantages, compared with intebonds.

The bonds bullets, which the kind with foreign investors familiar, they callable spread of up to 100 basis points II varies considerably ing to committee in the man kets) mer treasury Mark.
A further problem is that

credit must have yet have by the international rating agencies, which requirement life. the big best transfer investors

will consider buying m institution's securities. In the meantime, the mortgage institutions are becoming interested in international funding, which the general globalisation of Danish financial

The Danish institutions used be subject = rule that had 🖿 be matched by krone liabilities, but this straitjacket has been reserved The Danish institutional investors, take up the bulk of the mortgage bond issues, are diversifying into foreign securi-Mr Rohde, "so have a natural desire to our funding base by selling internationally." At home, the mortgage credit

institutions are meeting

The three largest mortgage finance groups by lending (1993)

DKR336bn Nvkredit DKr295br lkredit Danmark ..

Byggeriets Realkredit DKR125bn

Source: Financial Times)

competition from me banks. Den Danske Bank and Uni-will subsidiaries will year, which them to keep funds within the have have the old-established mortgage Mr Rohde kindly puts in "They have cannibalised their use lend

Current legislation allow the mortgage credit institutions to reply in kind oy setting up banks themselves, although the insurance companies, in example, in allowed to operate subsidiaries, and do.

The mortgage institutions are were pressing for a change will put them a competitive footing with the banks and insurance companies.

Rescuer holds key to future

For than a year the ownership drummer M Baltica Forsikring, Denmark's biggest insurance group, has been in uncertainty. Because of this, Mr Hans Eivind Hansen, chief executive, heen constrained forced to designshort w medium-term strategies for 🚻 company 🟬 to restrict life focus in basic insurance operations us as to sharpen Baltica's domestic competitive edge. The insurer was and income

The insurer from collapse MM years by a complex rescue

package

collapse i year by a complex Bank, Denmark's largest bank, emerged Baltica's biggest shareholder with a stake of 32 per cent. However, DDB's stake in IIII company more than 🔳 per cent when taking into account a 24 per cent shareholding held by Gefion, Baltica's former holding company, whose main

creditor is DDB. "We all know that Den Danske man holds the key to our future but we have to try maximise our attractiveness

potential Live in that all possible charge to ownership can be kept open. Mr Hansen and recently. sellis owns 27 per cent of

its wan shares, having been given limited dispensation from Danish rules which Ital not allow companies le own mere like 10 per cent of their www whereas

shareholdings will have in be mild which the nemi ties many became of the Danish rules, but it hardly surprising ... given a political green light M take over Baltica, although concern www DDB's dominance of Will Manageral man ket this solution problematic.

The bank has much than U intends us clarify us intentions for stilled during the the half this year, but Mr Hansen. who is also a former DDB deputy raid executive, is less than ontimistic and the company's ownership structure will be within II time trans-

Given the turmoil within the company and, within III Scandinavian insuremployees have learned to shrug III rumours about their future. "Their morale Mill Mills surprisingly high, considering they have been through so much. I tell them ■ is Manager

ing decisions," Mr Hansen said. Possible future ownership plans have ranged from lim becoming independent, M DDB acquiring Baltica, In Bollad - III Danish Marsh lary of the UK's Sun Alliance acquiring part if the business. Skandia, Sweden's biggest insurer, becoming the new

The Scandinavian insurance industry is still recovering from a series of drawn world

The Scandinavian insurance industry 🕍 still recovering from of dramas two years ago

place nearly my will will saw several big participants in audicad and Denmark's little and libit driven in man collapse.

Acquisition by College rather ambitious given that 🖼 former is in the throes of absorbing Hafnia, which it hold over lift year. A move by Skandia 🔲 acquire 🖫 💹 📶 tica with unman less farbut the company indicated its intention m retrench IMAN M domestic business and expressed some reserexpansion Item politicians | indicated ■ preference for ■ domestic company 💷 own 🝱 country's

A senior DDB executive recently that given 🕍 bank's within 🕒 water industry it would not be unnatural for DDB to acquire Baltica. Mr I we "We could see a solution whereby shares were redistribforeign, one in which Den Dank Bank took in Dank there are so many possibilities it makes it difficult to establish a strategy for the company which could cope

His patience www Baltica's future ownership structure is wearing thin. "I have not DDB that it would be beneficial II a rapid solution was found. will we repeat it," he said.

Baltica's chief executive hopes that to benefit the merger between Codan and Hafnia, III biggest competitors. "The results of Hafnia's primary him have not been ment of the man flourishing in In country. It that it has taken the company over, to find common policy and premium strategy for II M Hafnia and Codan increase premiums by

petitor - though IIIIII i big-- and m hope M be able M profit from Maddifficulties Mad all mergers. Our problem is that we want enough from our direct insurbut compared with our competitors in Us country.

Meanwhile, Mr Hansen, who earlier in charge if reducing DDB's employees by 15 per coming in Baltica April continues III forge ahead with tightening the

Date of 1993 Problem and Conw be published on April 7. but be delayed until libe in month, according II Mr owing to couple which have yet 🛍 be resolved. However, 🕍 📖 the company's performance in

than in Law when the net has of DKr445m, primarily das to us extraordinary charge of NKr655m against Baltica, nevertheless.

milled and by 11 per and in partly through magnitude, 🕮 📺 🖚 being COLOR DE RESERVO & FAMILIO DE per less and refusion by Ittle We hope we present signifi-cantly improved results for the tree has it was and I am one

Memi and the results for the will substanimprovement == UTL W mantil also le min in ministre remains profit in the barring unforeseen circumstances," in links Les year Baltica

m premiums by W per man from 1301 - || was the first such increase Im more than eight years. "We are trying 📧 new business de concentrating on direct liantal insurance, cutting our associated business. forming strategic alli-The three main pillars of nur strategy include premium increases. tions and retrenchment 📰 our business scope.

"We have retrenched our activities - both geographically man professionally man will maintain operations York and London while winding down 🔤 📟 Balta, our business in Lithuania, sold."

that if tica had a huge portfolio of reaction and beautiful to world have in somewhat cushtrand from III earlier financial troubles. "As part of our restructuring we took more payment in taking over a corresponding level debt from www holding company which was DKr2.2bn. When we had IN pay had this we were forced in dispose of our securities and bonds and we have me rebuilt im portfolio." M Hansen explaine

Although we have the handican of not having a big securities and bond portfolio...we have a reasonably sound insurance business big bond portfolio the challenge of building ■ reasonable non-life insurance business from the ruins of nia." Mr Hansen said.

Birthirm has in him from its insurance which not in the very competitive Danish insurance market. according to Mr. Hansen. The company is surplus policy. according in which it it is a surplus every you which is last what policyholders are paid, plus a margin 🗖 🔛 për The summer of the State of States under-performs, but when they in value company

"This provides a little and important income from our 1991 in in [the pensions and life insurance group, with is of great importance for our position in Im market," Mr

Nevertheless. Mr nilium he has 🖿 operate within wery constrained environment, given the ing questions are Baltica's ownership structure. "We have no but iii sharpen the our business.

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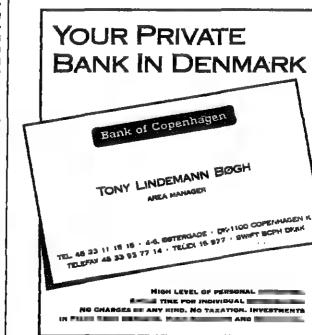
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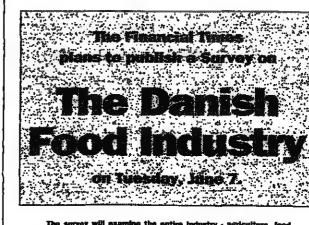
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More and more of the trade in

Danish securities is taking place in

London. Accurate statistics hard to come by, but in some peri-

ods about half the turnover in Dan-

ish bonds appears to have taken

place outside Denmark, as well as a

considerable of the trade in

The Nationalbank (Central Bank)

asserting in its 1993 annual report,

published in March, that without

reform of the market, "there is

risk that the Danish securities mar-

ket will become of declining signifi-

cance in the [face of] strengthening

One of the reasons why trade is

taking place in London, in the

bank's view, is that non-residents

cannot trade over the Copenhagen

The bank recommends a general

Stock Exchange unless they are

liberalisation of legislation covering

this aspect of the financial markets.

to inches the right for non-resi-

the Copenhagen

Reforms of the Stock Exchange

recurrently being the by

report this amount, will a view M

implementation in Illi EU's

investment in directive in

There is lively taking place between the various inter-

bond-issuing institutions, and institutional investors - on

of the problems, said Mr

Pedersen, partner in investment

all disapper in health.

ted parties - the big banks, the

dent brokerage houses, the

an official commission, due

physically present in Denmark.

Stock Exchange

misty Barre

The second secon

the most liquid equities.

The Nationalization of the trend, is clearly concerned at the trend,

international competition...

A STATE OF THE PARTY OF THE PAR

DANIEH BANKING AND FINANCE V

There is increasing international An official commission, scheduled to report this summer, is considering reforms of the stock interest in Danish securities, both bonds and equities, but there is a exchange in line with the EU financial services directive, writes Hilary Barnes catch from the limit per-

Drift of trade to London causes concern



Gudme Raaschou, a for-SET PARTY OF THE TANKENIAN OF Danish Stock Brokers, in that Its set-up 🕼 Copenhagen currently favours the less big leads

They about 60 cent if the transactions, if for trade in the very liquid securities, ties, mill bonds and shares.

has been looking at reforms of the Amsterdam Exchange,

a similar problem u trade going to London, but managed to remain the little by changing IIII structure of III IIII market, allowing non-resident brokers in the / Stock Exchange and by establishing

Profile: Gudme Raaschou

separate wholesale 📷 retail mar-

Making changes a difficult process in Copenhagen, where Tuel Exchange and its related institutions, the Securities Registration Centre and the Guarantee Designation of Putures, operunder legislation which gives the Stock Exchange a monopoly. The supervisory boards of the institutions, in principle self-owning, appointed by the Ministry for Indus-

Stock Exchange mixes commercial with administrative and regulatory tasks. "We think it II a necessary condition for stock exchange function a market place that it must im run on a commercial basis," said Mr Kai Struwe, secretary-general of the Association 📰 Danish Stockbrokers. But be that, Denmark and not have the London market's of selfregulation, the debate on freeing Exchange to Line on I strictly commercial basis will be a difficult one. Copenhagen now offers trade in a

full rouse of derivatives, well as in shares, A future on the 3-month Cibor, introduced last autumn, added a money market derivative III a selection of stock options and futures based benchmark bonds and the III index of the 10-most traded shares. A feature of Copenhagen is lall these

instruments un traded on a single

exchange. The Danish market was the first in the world in abolish per securities and introduce a fully electronic book entry and settlements system, starting with bonds in um and shares in See Electronic registra-

Stock exchange turnover

(DKrbn) Bond (nominal value).... 3,743,417 1,919,675 Volume in circulation..... tonds... Volume in circulation.....

> 12,358 share-related Source: Copenhagen Stock Exchange

Futop, bond-related

tion of foreign securities we been possible since 1989. Automatic tradng systems were introduced in 1987. Decentralised trade - from hogen Exchange un closed

Technically speaking. III system worked extremely well. I'm not every man is satisfied with im rules of the system. It embodies an extreme degree of transparency. with 90-second requirement between making a deal and reporting M M Securities Centre. This,

said Mr Struwe, exposes a 쨰 🔤 a big position as 📟 or she has no way of getting out of the position without the entire market knowing that he must. I trade may have to London simply because there m greater degree of

The Copenhagen market is dominated by bonds. "We are one of the exciting markets in Europe. Mr Struwe. A substantial share of the benchmark treasury bonds are traded internationally. Last year the introduction of 30-year mortgages attracted international investors and on April a 30-year treasury was launched.

The Copenhagen equities relatively small. and only around five per nem of the shares them in Copenhagen me held by non-residents. In the other Nordic countries somewhere between 30 and 30 per cent of the shares are foreign-

Interest in limit equities may picking up, however. The Kim Tele Danmark privatisation taking place in April, 🔳 🎹 🖦 of which is expected III be sold internationally, will introduce a new and

The DKr1.7bn international lasue by Unidanmark in February was a further sign of the times. first time that a Danish bank has launched an international issue. 111 Thorleif Krarup, Unidanmark's chief executive pointed out. issue, 📶 market price, was oversubaribit four times. We Krarup particularly encouraged by 🖼 considerable lulimed in the little in France and Germany in

"If Danish companies make a systematic effort, they was land Oanish shares more interesting and more liquid," is Mr Krarup's conclu-

The name of Dollar Rasschou been appearing increasingly often. Maler on prestige Danish equity funding lamb such as last autumn's privatisation issue by Giro Bank and last month's Copenhagen Airport

privatisation issue. The emergence of the Rasschou- name (pronounced approximately - "Boss coo" its the story of a traditional brokerage business which saw the writing on the wall when the comfortable monopoly enjoyed by brokerage businesses in Denmark was shoved aside in 1985 and banks were allowed to set up their own brokerage

The competition became even rougher when the country was plunged into a long recession after 1986 and the

markets collapsed. When the District Stock Enduger was w registered broking companie. Me there are only M. The market is dominated by Danske Bank's and Unidan mark's broking operations January 1 this year the banks no longer have to operate brokerage in a subsidiary

"We had M have new huntiment to ride into the Brokerage alone maini not keep 🖹 going'

and only a handful independent brokers have

"When the market collapses, either you need a real section." you find new ways of earning

lum, managing director of Raaschou. I did the We had to have new limited in order to ride out the storm. Brokerage kind would and it going."
Mr Dullum and his partners
at the Mr Rigil Pedersen
and Mr Knud J.

mapped out a street to turn

Mr Dullum played a key

in the irresimpler process.

the traditional broking business, founded in 1925, Image combined investment bank

money," says Mr Line B. Dul-Ill arrived at Illimition in 1986 from Ways (now man) Nordisk), in pharmaceuticals group where, as finance manpioneered im first international equity issue in modern man by a market

vian company. The position which Lamchou has tried to exploit is its MARIES, NY TINEN IN ILS ownership, of other barbar participants. It is not consilted to any particular source of funding and its own was the typically lim-

44 organised today, Rasschon operates on 🖿 broker m In Danish shares and bonds and foreign securities.

Its investment bank operations include portfolio management, corporate equity finance and international capi tal marten (non-equity borrowing), and advice and con-

in all these fields. The two sides of the bush complement each other. "We are always in the marso we know what is gaing on," ways Mr Dellam Raaschou has raised

New ways to earn money DKr10bn over it past two for a little company."

Typical amounts and are in the DKr300m-600m range. A considerable proportion of the has been for non-Danish Scan dinavian companies. This side of the business is expected to become increasingly impor-

Raaschou has just recruited boden's Mr Hans Landill-Ularisan to the supervisory board. Mr Cavalli-Bjorkman is a lime chief general man-

Enskilda Bank; 🚻 🖦 🖿 in Malmo, just across the from Copenhagen. He la a strong advocate II does business and economic relations the southern Swedish and Copenhagen regions. A board member of the big local companies, Mr Cavalli-Bjorkman some-

ager 👪 Skandinaviska

Raaschou earns about half income from investment benking, and the change and smooth

minned to in the Swedish media 🚥 the king 🚻 Malmo. Paste has made omething of a coup.

Reaschon is now earning about half its

investment banking, and the change from brokerage investment banking was not always smooth. "It was not always balance in the dips in brokerage earnings with earnings from investment water We had a few sleepless nights along the way," Mr Dallum.

In Company undergone complete change. Almost all the staff have changed 1985. The education level much higher, Mr Dullum says - = necessary requirement for a company which has made its in several complex mergers and acquisitions and corporate restructuring operations as well as capital market issues.

Hilary Barnes

rethe quality of He LOT LIKE THE SCENERY

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Hilary Barnes looks at an institution specialising in shipping finance

'The kind of financing which is of little interest to banks'

There is more to the Inner Skibskreditfond (DSK) has yet met the foreign investor's eye, according to Mr Bo Jagd, the fund's managing director. Or as a says while trying not to sound too boastful - "We can't find a bank in Europe bigger shipping finance portfolio than we have."

"We are household here home, but are hardly known anywhere else," Mr Jagd but predicts that this will soon change. So far the fund, a specialist bond-issuing mortgage institution providing long-term finance for ships, been funded entirely in the domestic market, but sexpects that within the foreseeable future it into direct dollar financing.

The DSK as a substantial institution by Danish standards. Its DKr47bn balance and DKr39bn loan portfolio ranks it alongside Giro Bank, which as the country's fifth largest bank. But the DSK as in the business as long-term finance. Typically, it provides 14-year loans as by funding with a 14-year maturity — a kind of financing which is of little interest to

Loans provided for new building of ships and conversions ships Danish shipyards for Danish and foreign man Danish for the acquisition of ships and second-hand tonnage, as well for the sale, to foreign owners, of Danish ships.

The substantial portfolio reflects the fact that Denmark boasts large commercial fleet and a substantial shipbuilding industry. There we two big shipping companies: A P Moller Maersk, which is of the world's biggest, probably known for the land Line (one of the world's biggest companies in container-carrying liner shipping); and the Lauring group, which is especially prominent in refrigerated the transport

in refrigerated transport.

Moller owns the Odense Steel Shipyard, the only yard in Europe has built delivered double-hulled super-tankers. Lauritzen owns the Danyard, in Jutland, which recently won a big order build a series of gas carriers for the American group Stolt Nielsen (the finance was

The fund conservative lending policy and keeps tight control over

arranged by the DSK). The third important shipyard ii the iiim & Wain Ship-

yard in Copenhagen.

The DSK secured by in priority mortgages up to 60 secured the fund's evaluation of the Hover this level additional security is required. The thin conservative lending policy and keeps tight control

provisions in 1993 DKr62m, or about 0.6 per cent of lending. The DSK made a net profit of DKr221m in 1992 up from DKr202m in 1992. Its equity to assets ratio at the end of last year was 11.1 per cent—although this key figure does have the same significance for the fund as it for a bank, Mr Jagd says, because the DSK is not subject to the BIS capital adequacy rules.

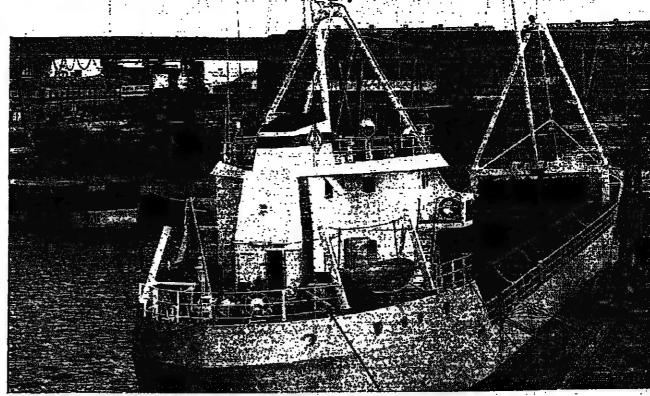
The conditions under which the fund operates changing rapidly. Not only have shipbuilding reduced by the European Union, but also there is a strong push by the OECD's member to abolish altogether.

to abolish and altogether.

This, and the that interest have fallen, means that increasing portion of ship financing is being out on market terms. In the case of Denmark, much of the fund's borrowing since the the has taken the form of indexlinked that There as a strong domestic demand for these, which obviated in need market DSK bonds abroad.

Funding by index-linked bonds being phased out, however, and Mr Jagd says that fund increasingly in in marketing its normal bonds bonds are sell planning to little dollar funding instruments.

The DSK bonds, in contrast to many of the Danish bonds, non-callabullet This gives them structure with foreign investors



Loans are provided for new building of ships and conversions of ships at Danish shipyards for Danish and foreign owners

familiar. They resemble treasury bonds, but, typically, carry a spread over treasury bonds of about 40 basis points.

"If a foreign a Danish element in his porfolio, he can obtain better yield from us than from treasury bonds," If Jagd he concedes that the fund's bonds are not as liquid as treasury bonds.

In the past, the fund has done considerable business in swapping loans into floating rate dollars — which is a logical step, as ships are dollar assets. The next step, Mr Jagd adds, is to go into direct dollar financing, motivated partly by that there is a limit to investors are prepared to do dollar swaps on loans of such long maturities.

In fact the fund has already made its first venture into dollar financing, sixloan on a bilateral The time is ambitious dollar financing is approaching, probably as a private placement, he says. "But there is no hurry, which change have too often ended up in trouble, so are changing cautiously."

Profile: Topdanmark

Trying to come out on top

Denmark has experienced two disasters in which insurance groups Hafnia and Baltica, injudicious by their holding companies. There the future of the future of third group, Topdanmark landed Hall with a problem.

Mr Henning Birch, Top's chief since 1985, resigned on March 26, joining Hafnia's and former managing directors. Per Villum Hansen and Peter Christian He succeeded by Mr Kaj G. Schou, formerly head of Top's insurance business.

Top's future is of interest outside Denmark. If is perticipant in Eureko, the European Immunication partnership which includes II. UK's Friends Provident, ATH of the Netherlands, Wasa from and Occidental of Portugal. Top has a 12 per cent stake in Eureko, which in turn has it is a per cent of Top-danmark.

danmark.
Top's other big shareholder is Danish Tryg Insurance, with about 19.5 per cent. Last autumn Tryg announced that III in Topdanmark was sale, but III will in the tryg change mind following Mr Birch's resignation

Topdanmark's serious error
the acquisition, in I Jutland regional bank,
Aktivhanken, for DKr1.4bn. Il
turned out to a cupboard full skeletons;
the bank has Top
another DKr1bn

The chairman supervisory board, Mr Oluf Include Lord-in-Waiting and Master the Royal Bunt) provisions "misunderstandings" the part supervisors — an allegation promptly and emphatically Mr Eigil the chief supervisor

Tryg's director.

Mr Alf Duch-Pedersen, has also publicly questioned the value the Eureko investigation of the transport of the trygon of trygon of the trygon of the trygon of the trygon of tryg

The costs of the in Artivoanken serious problem for Topdanmark: it to refund about DKrl.öbn of long-term debt in 1995 and

the annual meeting of shareholders in May, Mr Lowzow is expected to spell out group's plan for getting itself a potentially dangerous hook.

Hilary Banes



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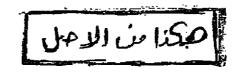
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INTERNATIONAL HOTELS

Thursday April 7 1994

While recovery in the hotel market has been patchy, the message of the past few years is clear: hotel guests are demanding better service for less money. Even when the world economy has fully recovered, this trend is likely to survive. Michael Skapinker reports

Service now worth having

During the 1980s, hotels around the world treated their guests so lavishly that people oked that the next treat would be a BMW on your pillow.

By the early 1990s, hotel

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executives had stopped smiling and so had their guests. The Gulf War was followed by recession in the US and Europe. Hotel room rates fell, managers in many businesses lost their jobs, other feared they would do so, and everyone started cutting their travel

Hotel business has now picked up in North America. London, and in much of Asia, where the downturn had not been so severe. The question hotel executives are asking is whether their guests will return to the free-spending. habits of the 1980s, or whether their behaviour has changed

Mr Peter George, chief execu-tive, of the Ladbroke Group of the UK, which owns the Hilton International chain, believes that hoteliers should not lose sight of the principles of supply and demand. Hotel rates have been depressed because rooms have been empty. When rooms are full again, rates will

rise, he says. Mr Darryl Hartley-Leonard, the British-born president of Hyatt Hotels, believes, how-ever, that hotellers need to be aware of a more fundamental change. It is not just that hotel

A Alabaha Group Company

guests have been unable to afford additional luxuries over the past few years. Even when they have more money in their pocket, they will not want those luxuries, he believes.

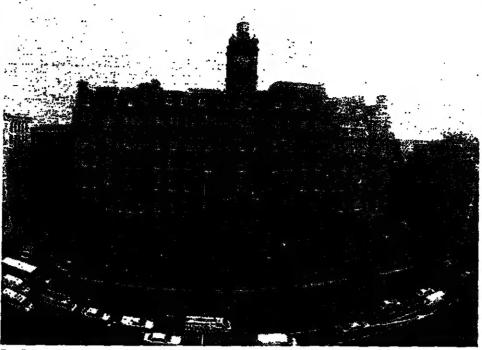
In a speech to a conference three years ago, Mr Hartley-Leonard recounted the BMW joke, and admitted that Hyatt had been as responsible as any other organisation for the hotel excesses of the 1980s.

He said: "The excesses of the 1980s have become socially unacceptable. We simply need to wake up and take advantage of new times. Less is more doesn't mean quality has to deteriorate. It means that when you serve a Bloody Mary, you don't have to serve a vegetable garden on top of it. Hyatt, as much as any company, was responsible for growing that vegetable garden. It seems that all of us kept piling more and more on to the customer until it became crude."

Three years on, Mr Hartley-Leonard believes the reaction against hotel excesses will con-tinue after an upturn in busi-

"What happened in the US

and what is happening in many parts of the world is that coming in. In the 1970s and 1980s matters got out of control. We created an unstable business environment. That has caused a rejection of waste. Anything that is remi-



Facelifts for two grand old ladies; the Regent hotel in London - British Reit's old headquarters - has opened after a 275m refurbi

niscent of the excesses of the 1980s is rejected as inappropriate," he says.

Mr Michael Stajdel, senior vice president for marketing and strategic planning at Inter-Continental Hotels, agrees, arguing that the change in hotel guests' attitudes mirrors developments in sectors such as retailing. Customers are not necessarily looking for the cheapest offer but they are considering their purchases more carefully.

Mr Staidel says: "I don't think any consumer today shops the way he or she used to. We have all changed the way we shop in the supermarket. I look at the labels, the freshness of the goods, and at the overall cost."

Mr Stajdel, who is based in London, believes hotel guests will pay for services, if they believe they are worth having. So what services do hotel guests value? Hyatt's research shows that while hotel guests want choice, they do not need an excessive amount of it. They expect hotel restaurants to have enough staff to ensure they can be served promptly. indeed, they want to spend less

Overall Performance Measurements* 1992 65.82 66.21 30,666 42,683 Africa and the Middle East 60.8 Middle East 72,4 65.40 77.93 84.51 65.19 85.53 55.13 Africa 27,265 34,937 36,985 35,4593 60.8 69.7 71.0 83.4 58.3 60.1 60.8 62.4 58.0 58.7 60.4 50.1 72.3 Asia and Au 14,130 10,889 4,539 3,551 North Asia Australia North America 33,138 18,183 69.85 54.33 77.16 104.3 21,427 17,794 38,363 44,570 United States 36,431 19,645 24,285 15,747 United Kingdon 2,455 2,552 2,775 Latin America South America

time in the restaurant than in the past. Offered a choice between a wine list with 100 bottles on it and one with 30, Hyatt says its guests opt for the smaller list.

There are some new services that hotels need to introduce because guests constantly ask

"I'M FAR TOO BUSY TO ORGANISE A MEETING. CALL HILTON."

of calls to its housekeeping departments were for an iron and an ironing board, Hyatt decided it was simpler to put these items in every room. Hotels in North America, Europe and Asia agree that hotel guests want less hasele

and more time in which to

work. Business travellers are

expected to do more work on their trips than ever before and they are even prepared to pay extra for an environment which enables them to work more efficiently.

This has led to the appearance in hotels of a service which airlines have been selling for years: special business sections for those prepared to

Business floors in hotels appeared in Asia some years back. Mandarin Oriental, the Hong Kong-based hotel group, has such floors at its establishments in Singapore, Manila and Jakarta, where guests have their own checkin and check-out facilities and lounges, as well as facsimile machines in every bedroom.

Inter-Continental, which also has business floors in Asia, has now begun to introduce them. in Europe. The first was in Frankfurt, and the second is in

Mr Stajdel describes the floors as having "the ambience of a private club. It's intimate and clubby. There's a complimentary continental breakfast, a business centre, and a library with reference books and magazines." Guests pay \$25-\$30 a night extra for the privilege. Mr Stajdel admits that one of

the incentives for introducing business floors is that small intimate "boutique" hotels had been taking business away from the large chains. He argues that business floors provide guests with the intimacy and service of a small hotel, while still providing access to facilities only available in a large establishment, such as a choice of restaurants and a fit-

ness centre. Even those hotel guests not paying to stay on the business floors have higher service expectations. Mr Hartley-Leonard says that they now want efficient business services rather than lavish gifts, and they want messages delivered on time and access to telephones and facsimile

If hotels are to deliver these services while still achieving acceptable levels of profits, they need to turn to technol-ogy to help them to do so. Technology can help to reduce the amount of time that travellers waste in hanging around.
At Hyatt's hotels at O'Hare

airport in Chicago and in Atlanta, the company has been testing automated check-in machines which, if successful, will be introduced throughout North America. Mr Hartley-Leonard says the machines are not designed to replace the reception desk, but to provide an alternative for guests who want simply to collect their keys and go straight to their

The device looks like a bank's automated teller machine. A guest with a reservation inserts a credit card. Check-in information appears on the screen, the guest taps a series of Yes or No buttons, and the machine dispenses a room key.

Guests can also check out of the hotel by inserting a credit card into the machine, which shows the expenses they have incurred during their stay and prints out a copy of the bill.

Some people might regard the hotel checking in machine as providing too impersonal a welcome after a long trip. Mr Hartley-Leonard argues that the same was thought about automatic cash dispensers. In time, these caught on.



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dvances in portable computing and mobile telecommunications over the past decade mean that many business travellers now arrive in the hotel lobby carrying a shoulder-bag of high tech gadgets including notebook PC, modem and perhaps even a cellular telephone.

Large hotel chains on both sides of the Atlantic recognise that many guests are no longer satisfied with rudimentary centralised business facilities such as front desk telex machines, aged photocopiers and outdated switchboards.

At the very least, many business travellers now expect a business centre furnished with the latest telecommunications. printing and PC equipment. And some are demanding at least some of these facilities in their rooms.

In the 1990s, when productivity and efficiency are corporate bywords, an increasing numof travelling businessmen and women are sending a clear message to hoteliers that they will no longer tolerate bed-side telephones, cramped desks, inadequate lighting and inaccessible power sockets. Today, they expect to be able to turn their hotel rooms into offices capable of communicating

directly with the outside world. The Hyatt Hotels group is one of the chains which has acknowledged and responded

While discounted room rates and empty

beds have become the norm during one of

the industry's worst downturns, confer-

ences have emerged as a vital part of

their facilities and increasing investment

in an attempt to win a bigger market

share. The importance of the conference

business should not be underestimated.

For a primary business centre hotel.

industry estimates put earnings from con-

ference business at between 30 per cent and 40 per cent of total revenues. (Those

in the industry stress that these revenues

are additional and do not displace other

They are particularly important out of

season, and one of the main developments

has been in the type of venues required.

"Meetings used to be held in very large

venues in big gateway centres," says Ms

Cam Cooper, vice-president of conference sales at Holiday Inns. "Now the trend is

towards regional and secondary market

Mr Rik Danielson, managing director of

sales and marketing at Forte, says the

demand for conferences - and for a wider

variation in venues - is partly the result

of advances in information technology.

"Training and information conferences

have become the important way to re-tool

sources of income.)

for the 1990s."

many hotels' financial well-being. As a result, many hotels are expanding

Paul Taylor investigates developments to attract the business traveller

Forget the rudimentaries

year, Hyatt announced that all 85 of its US and Canadian business hotels would provide its "Business Plan" facilities by the end of March. Hyatt's business plan facili-

ties include facsimile machines in every guest room, and business equipment including desktop computers, laser printers, photocopiers and office supplies accessible 24-hours-a-day, on every Business Plan floor. In addition, Business Plan guest rooms feature large desks, a desk telephone with

computer hook-up and enhanced lighting. The desk lamp even has a power outlet on its base so that guests do not have to dive under the desktop to find a socket to plug in their portable PC power adapters Hyatt charges its Business

Plan guests an extra \$15 a day on top of room rate for the additional facilities - which also include complimentary local 800-number and credit card telephone access. If the programme proves successful. it will be extended to Hyatt

group developed the business plan after a telephone survey of 500 business customers revealed that 72 per cent feel more "pressure to produce" on business trips than they did five years ago. 58 per cent said they spent "more time working in their hotel rooms than they did five years ago."

All six Inter-Continental and Forum hotels in the UK have added new business products

Other international hotel groups have also begun to the UK all six Inter-Continental and Forum hotels have recently added an extensive range of new products and facilities aimed at the international business traveller.

These include state-of-the-art business centres, voice mail systems and other advanced telecommunications facilities such as mobile telephone hire. For example, last year the George Inter-Continental in

Christopher Price finds that conferences provide a safety net

Smaller venues work better

While demand has, in the words of one hotel company executive, been "solid" dur-

ing the recession, there are signs that the

recovery will give the conference trade a further boost. Meridien Hotels, the French-

owned international group, reports a dou-

bling of conference inquiries in the past

year, and a similar rise in converted book-

ings. Two-thirds of the confirmations are

Mr Danielson believes this is also

because conference organisers put more

Not surprisingly, hotels are

concentrating their efforts on

improving their service

emphasis on quality than on getting

reduced prices. In a recent poll of organis-

ers conducted in the US, the most impor-

tant requirements from hotels were also

the most basic: good-sized well-fitted meet-

ing rooms, basic materials such as projec-

tors and stationery, and efficient service.

The package price was well down the list.

ing their efforts on improving their ser-

vice, while at the same time trying to keep

ahead of the opposition. All the big inter-

national hotel chains have moved to coor-

For example, Holiday Inns has intro-

duced its Conference Network system

dinate their conference business.

Not surprisingly, hotels are concentrat-

Edinburgh installed what it claims is the most advanced telephone system in operation in any Edinburgh hotel. Facilities include two telephone lines in each guest room, enabling in-room facsimile services, the allocation of individual private telephone numbers for incoming calls to guests. automatic checkout from guest rooms, and a sophisticated tele-

vision messaging system. However, the most extensive refurbishment, totalling £9.5m, is taking place at the Churchill Inter-Continental in London. It includes installation of a new Club Inter-Continental "executive floor" modelled on a con-cept introduced by Inter-Continental in the Pacific/Asia region two years ago. Guests staying on the Cinh

floor (which was officially opened at the Churchill earlier this month) have their own swift check-in/check-out facilities on the floor. Multi lingual staff are available to assist with business and travel Each Club floor guest room

features a dedicated fax modern line in addition to an

which aims to underline the group's con-

Videoconferencing is one area being

given much attention, as are more basic

ems such as en suite fax and video facili-

Incentive travel is another source of

additional income allied to the conference

business. Travellers are often participants

in VIP packages and receive corresponding

service. "Consequently the hotels enjoy

the revenue from banquets, gala dinners and special themed events taking place

under their roof," says Ms Sarah Webster,

executive director of the UK-based Incen-

tive Travel and Meetings Association,

However, there are some elements of

concern in the industry. The number of

venues offering meetings facilities has

grown significantly and, despite reports of growing demand, some hoteliers privately

tell an opposite story of intensifying com-

petition and consumers beginning to shop

The growing trend to hold shorter meet-

ings is undermining the lucrative accom-

Running costs are also high, and there are worries that a rash of special package

deals introduced by some of the large

chains to fight off smaller more flexible -

and cheaper - rivais, may become the

around for the best deals.

modation spin-off.

This is the flight which

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At most SAS International Hotels you can check

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left in three hours.

"plus all the extras from room service".

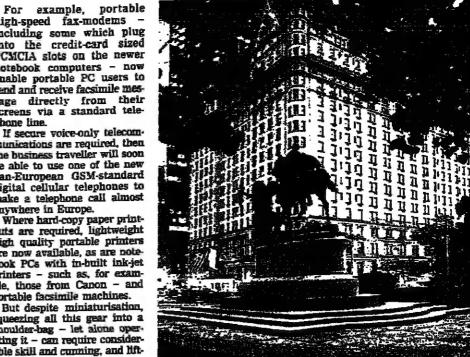
sultancy role.

ties in all meeting rooms.

high-speed fax-modems including some which plug into the credit-card sized PCMCIA slots on the newer notebook computers - now enable portable PC users to send and receive facsimile message directly from their screens via a standard telephone line - fax machines are available on request and are phone line. supplied in all suites. Transat-

If secure voice-only telecommunications are required, then the business traveller will soon be able to use one of the new pan-European GSM-standard By providing such speci-alised business facilities, hotels digital cellular telephones to make a telephone call almost anywhere in Europe. competitive edge over their rivals and continue to attract

Where hard-copy paper print-outs are required, lightweight high quality portable printers are now available, as are notebook PCs with in-built ink-jet printers - such as, for example, those from Canon - and portable facsimile machines. But despite miniaturisation. squeezing all this gear into a shoulder-bag - let alone oper-ating it - can require considerable skill and cunning, and lifting the bag may still require



The Plaza in New York: 'communicating directly with the outside world

Repeat business has become a high priority, says Christopher Price

'Come back and see us'

As competition has intensified in the hotel market, so also have the hoteliers' efforts to retain their existing customers. Loyalty programmes have become an integral part of the international hotel industry's

lantic travellers in particular will appreciate the dual 110/220

voltage power sockets in each

hope that they will retain a

the all-important business trav-

eller. Features such as extra

telephone lines and in-room

facsimile machines certainly

provide the business traveller

with added convenience. Oth-

ers make hotel bedrooms more

"office-friendly". Nevertheless,

the seasoned traveller overcome many of the limitations

of less well-endowed establish-

hnology is already helping

More attention to service. room rate discounts, special packages and subsidised restaurants have always been a part of the industry to a

greater or lesser extent. But the ferocity of the recession has focused attention on what may have once been considered marginal extras, and many chains have now attempted to quaptify these into a package designed to retain customer loyalty.

The basic tenet of all the programmes is that the more frequent the stay, the higher the reward for the customer. Airline flights, car hire, restaurant meals, and sporting facilities were the main benefits originally offered to encourage repeat business. All of these items are now included in the large number of loyaity packages employed by the luxury hotel chains. And in the drive to make the programmes more "personal-ised", intrinsic services such

as newspapers delivered to rooms, room apgrades, cheque cashing, express reservations and check-in have become pre-Marriott, the big US international hotelier, was a pioneer of loyalty programmes, its

Honored Guest Award scheme

- begun in 1983, now with 5m

members worldwide - is typi-

ach Marriott stay which can be exchanged for travel awards. And in line with

recent developments, the hotel has joined with a variety of associated organisations to make the programme more attractive: British Airways. Continental, Belta. Northwest, TWA and USAir are some airlines included. Car rental, cruise ships and associated

botel groups are also involved. It is a similar story at Holiday Inn Worldwide: its Prior-Club has a membership of

them stealing market share." Mr Pierce agrees. "Marriott's launch in the US did initially give it an advantage, but now everyone's doing it and the advantage has slipped away." He adds: "Whether it's a zero sum game is a subject of hot debate in the industry. You can reach a level of parity, but the programmes give an organisation the chance to

maximise its strengths.

grammes is that they are designed only to keep customers, not to entice new ones." Despite these misglvings, most industry executives agree that lovalty programmes

are here to stay. Mr Pierce

believes the future will see

Another flaw with these pro-

competition between programmes intensifying. The programmes are likely to become more focused as

		Market Dat	a* 1992			,
	Ad Hotels	Africa & the Michiele East %	Asis and Australasis %	North America %	Europe %	Laten America %
lomestic	47.0	18.2	33.6	85.3	47.4	53.5
creign	53.9	81.8	67.4	14.7	52.5	46,5
OTAL	100.0	100.0	100.0	100.0	100.0	100.0
epeat Business %	36.7	32.7	32.9	41.0	35.5	47.1
composition of Market						
lovemment Officials	3.9	11.3	4.6	6.5	1.8	4.9
usiness Travellers	33.6	38.6	30.7	28.5	37.4	32.6
curists (individual)	24.6	9.4	27.4	26.1	22.9	24.8
OUT GROUDS	17.4	13.6	20.1	7.8	16,6	23.4
conference participants	11.3	7.8	7.5	22.9	12.1	8.2
ther	9.2	19.3	9.7	8.2	9.2	6.1
OTAL	100.0	100.0	100.0	100.0	100.0	100.0
Artineta meen					Source: H	desarth Milconet

im. Mr Ken Pierce, vice-president for Worldwide Frequency Marketing at the company. says that one positive benefit has been the huge amount of information and feedback from their most frequent customers. "The customers now have a reason for telling us exactly what they want, simply because they now have an

incentive for returning." Loyalty programmes work for the very frequent traveller, and for the hotels there is evidegree of loyalty," says Mr Rik Danielson, managing director, sales and marketing, at Forte. "But there is no evidence of

"In the case of companies such as Holiday Inns, we capitalise on being in a large number of locations, against a smaller or regional operator. And there are other situations where our huge distribution ability gives us the advan-

Mr Danielson worries that too much time and effort might be put into loyalty programmes at the expense of other services. "The industry battlefield is loyalty proabout that. But the question we must keep asking is: are we ending too much on these at the expense of basic services?

databases grow in detail. This will lead to a shift in advertising as less expenditure is put into broad advertising coverage and more into individualised schemes. He also believes that part-

nerships between hotels and

other organisations, to attract and retain customers, will grow and incorporate a whole new range of retail groups. Mr Danielson foresees fewer customers at the top level, but a sector of customers who are

today's customers different is that they really expect to

Sarah Wilkins considers the needs of women travellers

Gender goes on the agenda

finally being treated like their male counterparts and not as either inferior or non-existent

Compared with 10 years ago. hotels are responding more positively to the lone woman guest - and the woman host in hotel restaurants. Discrimination still lingers, however, par-ticularly with older staff, but examples are few and far between in the mid-1990s.

It has been a long haul. Hotel amenities have slowly improved for women. Hair dryers are the norm. There is better lighting; bathrobes; skirt hangers; ironing boards; door spy holes and door chains. (These benefit the male guest,

But lobbying by the female travellers' sorority was not only about amenities. Staff attitudes and certain proce-dures were also criticised. Security issues were central. Allocating women rooms at the end of long, dark corridors, for example, or reception staff loudly calling out room numbers at the check-in desk, were two worries. Technological advancements - such as plastic, numberless, computerdriven key cards presented in discreet folders, and the disappearance of the key display behind the counter - have helped reduce the latter con-

At first, those few hotel operators bothered enough to take action went too far, giving women special products and treatment which only served to alienate those the hotels were trying to reach. (Ironically. Crest's - now owned by Forte "female rooms", called Lady Crest, were requested more fre-quently by male guests than by their target customers.)
The Victoria and Albert hotel in Manchester offers a ladies' wing monitored by video cameras and equipped with panic buttons. Women do American businesswomen

not want to be singled out for special treatment; this can be patronising. What they want is equal treatment in service and courtesy offered - and not to

"The thing which really annoys me about hotels is that I always get the room with the longest walk to the lift and, in a restaurant when I'm entertaining a man, unless you make it clear that you're the host, the waiter inevitably

'Women just want the same recognition as men'

presents the bill to the man, says Julia Clark, a public relations consultant.

Hotels are now at least finding out what female travellers want. Surveys abound - most of which conclude with what women have been saying all along: "Treat us the same." One such survey was under-taken by Hyatt Hotels & Resorts earlier this year. Women don't want preferential treatment, they want just the same recognition as men," explains Jim Evans, senior vice president, sales and marketing.

for Hyatt Hotels Corporation. The survey highlights the fact that extra security is important, and so are services such as extended room service hours and valet service, a choice of informal venues where women can enjoy a drink without feeling self-conscious, and the request for better in-room amenities. "Many of these services are also appreciated by male business travellers, so additional services are added because of, but not specifically for the female business traveller," says the

travelling in the US have a better time of it. US hotels wake up to this new market sector years ago. Women now account for an astonishing 40 per cent of the total US travel market (Hyatt reckons a more conservative 25-30 per cent) and, on a global basis, a figure of about 25 per cent - and growing fast. By the year 2000, only six years away, it is esti-mated that women will represent half the business traveller market. In the UK, American Express reckons the women's market share is nearly 20 per cent of all travellers.

in a hotel market hit by recession, travel suppliers are putting gender on the agenda. Smaller, less impersonal, "bou-tique" hotels, many managed by women, or with a higher proportion of female manage ment, have eased the problem So has women's improved confidence; they are more likely to be vocal - and to vote with their feet.

Restaurants, often the domain of older staff whom changes in society may have passed by, remain an area of

Most have not had the experience of treating women on an equal footing and prove impervious to change. Ramon Pajares, general manager of the Four Seasons Inn on the Park hotel in London, stresses that older staff need more training. It is commonplace for a woman dining alone to be given the worst table in the house - next to the lavatory or the kitchen door. No wonder most women take room service and an in-room movie for their evening's entertainment.

The emergence of hotel exec-utive floors has alleviated this to an extent; the better ones offer complimentary canapés in a small, friendly lounge area a far better option than being snubbed in a public res-

Wine waiters are good at snubbing women - they tend to offer the wine to the male guest to taste, although the female host has just ordered it. Similarly, there is still a tendency to give the bill to the male guest, although it was the woman host who asked for it and, finally, to return the credit card, clearly bearing the name of the female owner, to her male guest. But if this is the last hurdle,

then female business travellers have at least made progress.



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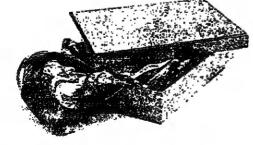
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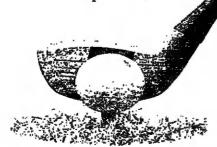
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5. Wanted in town. This is the club he

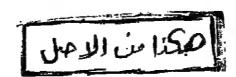


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A shortage of customers persists

When Ciga, the debt-laden Italian lineary hotel chain, went on sale last year, potential buyers were almost

Forte, the UK hotel group and an early front-runner, admitted defeat when it decided the sums being offered were more than its shareholders would be willing to bear. Mr Stephen Bollenbach, president and chief executive officer of Host Marriott of the US, another unsuccessful bidder, says he was extremely disappointed not to have capfured the chain - which lost L195.43bn last year. The winner, ITT Sheraton of the US, paid more than Leoobn for Ciga, a sum which left the hotel industry gaping with astonishment. What did all the potential buyers see in a company

in such a parlous financial state? Ciga's properties are certainly presti-gious; they include the Grand in Rome and the Danieli in Venice. But not only is Ciga a financially troubled group; it also operates in a severely depressed

Most European hotel markets are suffering from a shortage of customers. Mr Michael Ball, sales and marketing director of Utell International, which handles reservations for hotels around the world, says: "The economic outlook for Germany, Spain and Italy must remain

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COLUMN TO

Hotels in France have suffered in the ession. Mr Bryan Langton, chairman of Holiday Inn, says that while the voltime of business in Germany has not dropped, "we're seeing dramatic pres-sure on room rates of the sort we saw in the UK when it went into recession".

The UK, and London in particular, is seen by several hotel groups as the only bright spot in an otherwise gloomy market. But a recent survey by the Horwath hotels and leisure consulting group throws into question how robust the UK recovery really is.

Mr Geoff Parkinson, a Horwath director, says the performance of hotels in England last year was "patchy and inconsistent". The survey, conducted

pancy last year was 48 per cent, the same as in 1992 and well below the

figure of 57 per cent achieved in 1989

In London, which some people in the

industry believe is achieving better

results than the UK provinces, occu-

pancy actually deteriorated last year. It

was down to 56 per cent, compared with 57 per cent in 1992. The capital's luxury

£85.50 a night - achieved annual occu-

pancy of 65 per cent: reasonably

healthy but still no higher than 1992.

The last quarter of 1993 was particu-

larly disappointing for this category of

- those charging more than

in association with

the English Tourist

Board, found that

average room occu-

'Too many are unsuited to the modern business traveller'

took place in 1991 and 1992, has stopped. First indications are that 1994 will begin to show an improvement." He warns, however, that low occupancy had led to a

decline in achieved room rates. This "leaves little margin for re-investment - something which, for many hotels, is now becoming urgent." If this was the trading picture in Europe's healthiest market, why are some investors still so keen on having hotels? Mr Paul Slattery, a hotels ana-

The lowest priced hotels in London -

those charging less than £56 a night -suffered a fall in occupancy to 52 per

The only encouraging sign in the London market was hotels that charge

between £56 and £85.50 a night. Their

occupancy rose to 57 per cent last year

from 53 per cent in 1992. But even this

compares with a figure of 71 per cent in

Mr Parkinson did see some cheer in

the survey results. He says: "What the

figures do show is that the slide in

occupancy, which

cent from 57 per cent in 1992.

lyst with Kleinwort Benson, believes that one needs to look beyond the current European economic downturn. In the UK, he believes that hotelusing companies are likely to retain the system of strict cost controls they will increasingly book rooms through large hotel reservations organisations.

Despite the current French recession Mr Slattery is optimistic about the longer-term outlook for the country's hotels. France's expanding national chains of retailers and financial services companies will generate increased business for hotels around the country, Mr Slattery believes. He adds that France's privatisation programme will increase hotel use too; newly-privatised groups will be hungry for business, sending their employees travelling to

win new contracts. Mr Slattery argues that the longer-term outlook for German hotels is also cheerful. The country's economy is heading for a period of restructuring. The manufacturing sector will have to increase productivity and reduce wage costs to compete internationally, but the service sector will grow, generating increased demand for hotel rooms.

Mr Roger Garland, executive vice ient of Four Seasons Hotels, the Toronto-based luxury hotels groups, argues that too many of Europe's prestigious establishments are unsuited to the needs of the modern business trav-

He says: "There's a significant oppor-tunity to build modern, highly-efficient hotels in the European market. If you look carefully at any European market, you'll see hotels with a lot of style but developed during the recession. They

Laurie Morse looks at North America

Feeling at home

Imagine coming home after a hard day at work to a round of cocktails in your sitting room. then lighting a fire in the hearth and relaxing, looking out over a garden courtyard.

Perhans later in the evening you order the week's groceries by telephone, and fix a light supper. In the morning the day's newspapers will be delivered free to your door, and you look forward to sharing a cooked-to-order breakfast, also free, with your neighbours.

If this does not sound exactly like home, that is because it is increasingly the way US hoteliers make travellers feel at home away from home. Do not be deceived by the perks, because this treatment is considered "limited service", and can be far less expensive than full-service hotels. For business travellers required to make long solourns at a single location this trend is particularly good news, because rock-bottom prices become even lower for extended stays.

A large part of this trend is the proliferation of "all suite" hotels, which offer separate living and sitting rooms, and often a mini-kitchen. This arrangement is a boon to women business travellers who appreciate baving a separate bedroom and meeting area, and to families who can take advantage of fold-out couches in sitting rooms and "kids stay free" policies to

After 11 years of consecutive losses, the US hotel industry made a profit in 1993, thanks to aggressive cost-cutting and a turn to no-frills properties catering to travellers' budgets and comfort in equal measure. Recovering from record \$5.25m in losses in 1991, the US hotel industry is clawing its

way back. Mr. Bjorn Hanson, chairman of the National Hospitality Consulting Group from the international consulting firm Coopers & Lybraud, says that big debt restructuring, tax relief, and significant reductions in management costs have earned the industry some breathing room.

He estimates that debt restructuring alone will save the industry some \$2bn a year. But he believes that recurn to profitability will not result in significantly more botels, but in smarter marketing strategles. His data show that for each dollar of revenue, a hotel earns 75 cents profit per room. In food service, a hotel makes only 18 cents profit on each dollar of restaurant income.

As a result, new hotels. mostly in suburban locations, are leaving out in-house restaurants and the lobby bar, and asking guests to visit nearby restaurants for dinner.

The savings are so great to the hotels that management usually throws in a complimentary breakfast for guests' convenience, and in some cases a free afternoon cocktail

Two-room suites, free breakfast and cocktails are standard

The strategy is catching on quickly. Smith Travel Research reports that nearly 50 per cent of new hotel rooms which opened in the US in 1992 were suites, appealing to more up market traveller and another 14 per cent were moderately-priced limited service botels.

Large US hotel chains, still operating flagship full-service operties, are diversifying under separate brand names into all-suite, all-suite extended-stay, and economy class duced-service chains. Often the big operators are buying existing hotels and coverting them to the suite concept, with substantial cost savings.

The leader in the suite hotel concept is Embassy Suites. with 109 properties in 31 states, and international hotels under development in Bangkok, Thailand and in

Owned by Memphis-based Promus, Embassy Suites caters to upscale business and leisure travellers. Two-room suites, two telephone lines, minikitchens, free breakfast and cocktails are standard at the properties, which are priced according to location but average between \$99 to \$115 per

Other expanding all-suite chains include Guest Quarters

Suite Hotels, and Crown Sterling Suites. The extended-stay segment of the all-suite hotel market is dominated by Residence lnns, property of international hotelier Marriott.

Residence Inn offers studios with 50 per cent more room then the normal hotel room. and at least 75 per cent of the rooms include fireplaces. Free breakfast and cocktail hour and free local telephone calls are standard, while services like grocery shopping, meal delivery, and laundry are also available. Marriott has 179 of these properties scattered around the US.

Promus is also competing for the long-term visitor, with its Homewood Suites offering similar amenities. The industry's definition of "extended stay" is five or more nights.

However, Marriott research shows that the average stay is 13 nights, and that internarional visitors stay an average of 26 nights at its Residence Inns. Prices range from \$75 to \$105 per night and are lower for longer stays.

The US has a proliferation of budget motel chains, often strung out under the glare of freeway lights close to airports and suburban shopping areas. However, a new generation of economy hotels has arrived. These generally have the benefits of new construction, with spacious rooms, key-card security, and cheerful lobbies where generous free breakfacts are served buffet-style to

Owned by the larger hotel chains, these properties usu-ally allow children to stay free; allow three or four adults to stay at a two-person rate; and offer special price packages for senior citizens. Managed to appeal to low-budget business travellers and leisure travellers on their way to vacation destinations, these hotels are typically priced between \$40 and \$50 per night.

Marriott's Fairfield Inn and Promus's Hamuton Inn hotels are typical of this class. Both these chains were started in the mid-1980s. Hampton Inn now has 376 hotels in 44 states, while Fairfield Inn has more than 130 properties in 37

Nicholas Lander investigates the phenomenal rise to fame of the hotel restaurant

Star chefs are in a transfer market



If the Edwardian gournet. Colonel Newnham-Davis, gas-Pall Mall Gazette before the first world war, were to return to London today he would not be too surprised at the location of some of the capital's finest

Righty years ago he was accustomed to dining in splendour at the Savoy, the Ritz, Clardges or the Berkelsy. These hotels still prosper, but if Newnham-Davis were to pick up the 1994 Michelin Guide he would see that, in the gastronomic league table, their dining rooms have been surpassed by other hotel restaurants. Two of London's three two star Michelin restaurants are in Forte-owned hotels - Chez Nico at the Grosvenor House and the restaurant at the Hyde

The third, Le Gavroche, supupstairs at 47 Park Street, part of the Demeure hotel group. Of been the speed the 11 one star Michelin restau-has taken place.

nese in particular. Of the two countries, China seems the

main attraction for the devel-

opment of more cost-conscious

hotel expansion. With China

fitfully awakening, expected to

become a centre of economic

growth as an export power and

a market of 1.2hn potential

consumers, hotel investors are

queueing up.

The whole of IndoChina is

also ripe for hotel investment, although Vietnam, followed by

US President Clinton's recent

lifting of trade sanctions

between the US and Vietnam

has opened the floodgates for

American investment and Japanese investment will not be

far behind. InterContinental is

Cambodia.

heads the wish

tors, rather than Laos or

Myanmar (for-

merly Burma).

rants in London, five are in big West End hotels - the Capital, the Connaught, the Oak Room at Le Meridien, Piccadilly, the Four Seasons at the Four Seasons botel, and the Oriental at the Dorchester.

This phenomenon of the impressive hotel restaurant is not confined to London. Monte Carlo boasts the Hotel

de Paris (where the chef is Alain Ducasse): Washington DC has the Watergate (chef Jean-Louis Palladin); San Francisco has Postrio in the Prescott Hotel (chef Wolfgang Puck). Dallas is home to the Mansion on Tortle Creek (chef Dean Fearing).

In France, the country's most highly-esteemed chef. Joel Robuchon, has moved out of his own restaurant, Jamin to take over the kitchens and staurant at Le Parc Victor

Hugo, another Demeure hotel. about this transformation has been the speed with which it

Hotel dining rooms used to be, with one or two exceptions. dull and uninviting - and almost invariably empty. They stood as necessary but uncared-for appendages to supply the much more profitable banqueting suites and room service to the bedrooms

In 1971, when 27 hotels opened in London as a result of the bedroom building subsidy granted by the then Labour government under the premiership of Harold Wilson, just two hotels were renowned for the excellence of their food: the Connaught and the Savoy The Savoy's head chef, Sil-

vano Trompeto, was the only wall-known hotel chef.

Continued on next page



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Asia's deluxe hotel market is at saturation point, writes Sarah Wilkins

Budget brands spell growth

A sian hotels are considered the best in the world. They collect most of the accolades and awards to prove it. Their facilities and service levels are second to none; the envy of hotels outside the region.

But future growth in this burgeoning region will come less from the deluxe category of hotel and more from the moderate three and budget four star hotel. Quite simply, the big cities of the region, from Bangkok and Hong Kong to Jakarta and Singapore, are at saturation point with deluxe hotels. Supply exceeds demand and room rates are soft in much of the region. In Singa-pore, Bangkok and Jakarta it is a buyer's market. Hong Kong remains an exception: rates

eppear to have hardened. Many of the big hotel operators have a two-prong strategy-to move on to secondary and even tertiary cities with their top-of-the-line brand in a bid for market share - Surabaya is flavour of the month" in Indonesia, for example - and to introduce a budget brand in either the important or secondary sites - or both.

in the next six years, all new hotels concentrated in the Asia Pacific region. A Shangri-La hotel opened in Taipei in March this year, the tallest in the city, followed by snother in Jakarta, Surabaya will open before the end of the year. To augment its main line brand in three star Traders brand prop-

Singapore, it is opening a erty there early next year.
"Traders hasn't got momen-

tum yet, but it _ will be an important Omni, the Asian four-star list of inveshotel operator, is expanding into China

thrust in certain destinasays tions David Hayden, chief operating officer of the group. "The future is in three

or four star in Asia." At present the Shangri-La Traders brand only exists in China It is in Betjing, adjacent to a Shangri-La hotel in the downtown area. Its success, as a no-frills product, has spurred

Fuelling the growth in more budget-priced properties is the growth in numbers of the regional businessmen and

set to announce a deal in Cambodia's capital, Pnom Penh. Sheraton, the large American hotel chain which has 45 the group to expand. properties throughout Asia, is

ready to expand in the region.
While it is pushing ahead with
its Sheraton brand - there will
be openings in Kuala Lumpur in 1996, and a second site in Bangkok - it is developing a four-star brand for Asia, specifically for China. "They will service the growing indigenous population of businesspeople," says a spokesperson.

Omni, the Asian four-star hotel operator, is also expanding into Chine. By the end of next year it will open an Omni Marco Polo hotel in Xiamen. Pujian province, in southern China, an old trading port and strong secondary city halfway between Hong Kong and Shanghai.

"It's an old Taiwanese homeland, so there's high Taiwanese investment," explains Michael Hobson, vice president, sales and marketing, of Omni Asia Pacific, talking about the financing of the project.
Omni's three hotels on Kow-

loon side, Hong Kong, are part of the Harbour City Complex which has restaurants, offices and 1,000 shops. Likewise, its newest property, in Ho Chi have a wider choice of hotels.

The state of the s

The Shangri-La hotel group women, Taiwanese and Chi-Minh City, Visinam, which is typical. It is doubling in size nese in particular. Of the two opened in February this year, is also a mixed use project. The group is also looking for a suitable site in Hanoi, a city in desperate need of more, good hotels. At present the Metro-pole, a Sofitel-managed hotel, is the only western style hotel in the city

Choice, the US mid-market

hotel operator, is pushing ahead with budget accommo-dation in Asia, with the biggest thrust in Thalland. There is a serious lack of "dependable accommodation below the fivestar luxury level" there, claims Brendan Ebbs, senior vice president of Choice's International Division. Six budget Sleep Inn hotels are on the drawing board for Thailand, while its Quality (three star), Comfort (two/three star) and Clarion (four star) brands are already represented in nine properties in Thailand. The opening of a Clarion resort this summer at Trang, near the Malaysian border, makes 10. The chain will open its first hotel in China: a Clarion, near Shanghai, this

Other budget hotel groups operate in the region. Southern Pacific Hotels is opening a three-star property, the Anco Travelodge, in Jakarta in October this year (dubbed "the Disneyland of Indonesia" by spokesperson Bob James): a 310-room city resort located near the harbour. It will be marketed as a gateway to the

In Kuala Lumpur, Southern Pacific is augmenting its current hotel with the opening, this December, of Travelodge Apartments, seeking to take advantage of the long-stay market in the city. The apartments will be located in the former race course site, being developed as a commercial centre called the KL City Centre.

In a similar venture, Westin the US chain, will open an allsuite hotel in Bangkok early next year "for the person who doesn't have to make a statement - the discreet traveller." explains Dennis Johnson.

It seems that, at long last, the business traveller on a tight budget to Asia will soon

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The hotel market in the former Soviet Union and eastern Europe is struggling to catch up with demand

he quality of Warsaw

sentimental traveller with an unrivalled opportunity to

relive most post-war eras, as the Polish capital slipped from Stalinism in the 1950s to the

later years, and on to the entrepreneurial free market

Few remember, for example,

That reconstruction resulted

place to await tardy decisions

from the privatisation ministry

ince the collapse of com

munism in central and eastern Europe, Prague

has been one of the most popu-

lar destinations for visitors to

visitors has been good news for local tradesmen and com-

merce, it has caused over-

crowding at favourite sight-

seeing spots such as Charles Bridge and Prague Castle, and

suitable accommodation has

find and more expensive.

een both more difficult to

The flow of tourists seems to

have slowed this winter,

though it may pick up again in

the spring and summer, and it

has been easier to book a hotel

room. Scarcity of accommods-

tion, however, means that

prices remain high even in

comparison with other Euro-

pean capitals, and the quality

of service has yet to catch up

hotels include the Forum, just

two metro stops away from

Wenceslas square; the new Atrium, which is slightly off

the centre but boasts extensive

business facilities; the Inter-

continental, not far from Old

Town Square; and the Jaita,

All these hotels are, broadly,

"modern" buildings, except for

the Jatta which has been com-

pletely refurbished with pleas-

ant rooms overlooking the

square. The Jalta is less for-

nal and staff tend to be more

on Wenceslas square.

friendly.

Luxury class international

with prices.

But while the buge influx of

present day.

rebuilt

hotels is uneven at best, but the city presents the

It is hard to beat a way into Moscow

When a couple of cleaning ladies launched a \$10m lawsuit against a leading westernmanaged Moscow hotel for their allegedly unfair dismissal, their tale joined the list of horror stories the western business community likes to tell about the hazards of tions to Intourist, the former investing in Russia.

This country is crazy, you bly award them the money," said one western construction executive. "Oh, no, they won't. The judge is simply waiting to

Problems include ambiguous property rights

be paid off not to," said another western entrepreneur. involved in tourism.

The ladies apparently hit on the amount of \$10m through a mistranslation of the conditions of a strict merit system. This had been introduced by the Radisson group, which manages the hotel in question, and said that employees were free to determine the size of their bonuses.

The story also points up the particular difficulties facing restern companies involved in building, refurbishing, and managing hotels in Russia. Despite being one of the Russian capital's favourite hotels for western visitors, with more than 85 per cent occupancy, the Radisson-Slavyanskaya Hotel shares many of the difficulties facing hoteliers in Rus-

The advantages of a westernmanaged botel such as the Radisson are also clear: with demand for quality rooms outstripping supply in Moscow. such hotels command a seller's market, despite the gradual encroachment of some degree of competition as new projects are - painfully - completed.

The rewards to be made by those who have succeeded in beating their way into the market are increased by the considerable obstacles to others entering the market.

Apart from a primitive legal system, ill-adjusted to the complexities of market economics. problems include ambiguous property rights, and conse

political and cultural thaw of quent difficulties in raising finance for new projects. In the case of the Radisson-Slavythat the fin de siècle Polonia near the main railway station. anskaya Hotel, the question of now catering to the rougher end of the market, was once who actually owns the building remains the subject of competin 1945 - home to the entire ing claims among successor state and semi-state organisa-

state monopoly.

In addition, the authorities' powerlessness to enforce their own rules may be illustrated by a railway workers' relaxation club still standing on the grounds of the hotel, despite an order for its demolition by the mayor's office in late 1992.

A major factor slowing down the building of new hotels, as well as the refurbishing or rebuilding of Moscow's decrepit old hotels is the difficulty raising finance for Russian projects - partly because of the absence of a system for lenders to register their legal charge, and of a legal system

Endless rows over the ownership, financing, and management of the decrepit Hotel National, on a prime site just opposite Red Square, have meant it is still under scaffolding more than two years after work started.

Some Moscow city government officials had promised Rogner, the Austrian construc-

Progress towards more transparent decision-making

tion group, a crack at managing the hotel in compensation for payment delays for the renovation. This in turn has clashed

with a contract signed by other Moscow authorities with Marriott, the US hotel group, for it to manage the hotel. Other bits of Moscow's byzantine city administration have decided to hold a tender to select yet a third western company.

But after just two years of market reforms, some progress is being made towards more transparent decision-making. and time is likely to cure many of the worst problems of Russia's infant capitalism.

Sentiment in Warsaw

next door - recognised as such by SG Warburg, a faithful gov-ernment adviser which appears as well as to the foreign press to have rooms there, as offices, for the duration.

Next comes the 19th century Europejski with its faithful clientèle and low prices which help to make diplomatic corps in a rubbleup for the lack of refurbishing strewn city still waiting to be

needed to enhance its in the stern Stalinist interiors potential as a

of the Warszawa hotel - ideal for those wanting to indulge in world charm. Le Carré spy fantasies - and Across the road stands the the down-at-heel Grand, origi-Bristol Hotel, once as shabby nally built in the 1950s, for as its neighbour, but it has been relentlessly restored by bureaucrats coming into Warsaw ministries to arrange for Forte. Now it holds pride of place as the classiest and most allocations of ever-scarce expensive of the city's hotels The Grand remains a handy

these hotels were home to the

Hotels continue to charge

foreigners several times more

than the local residents for the

same room - an unacceptable

hangover from former commu-

nist days when westerners

were seen as a source of easy

Bed and breakfast in a

private home will be

cheaper

For those who do not wish to

pay \$200 or more per night,

there are a few smaller hotels

on the Mala Strana side of the

river. Alternatively, if you are

planning to stay for a week or

longer – and having a tele-

phone or someone to take mes-

sages while you are out is not

absolutely essential - bed and

breakfast in a private home

will be cheaper. The Czech tourist office should be able to

provide you with a list of

accommodation, but it is

important to remember that you will need to do your own

shopping for basics and that

few people speak English in

The quality and speed of ser-

vice varies considerably even

local shops.

Long gone, though, are the days when the bars in both

Prague offers

diversity

reporting the 1956 liberalisation, when Poland was the "merriest barracks in the The foreign loan-financed

investment boom of the The Marriott hotel chain 1970s saw the came to the city five building of the Forum Hotel at years ago intersection in

Warsaw: an upright shoe box design, devoid of charm. It seems invariably to host package tours of elderly Polish Americans and young Israelis all intent on seeking their

The Victoria Inter-Continental, convenient for the finance ministry and within view of

hotels, confirming the old adage that paying more does

not necessarily mean better

treatment. It is best to be

Prague has quickly adapted

to some less appealing western traits, and petty crime and thefts have risen considerably

in recent years. Don't leave a

car with a foreign number

plate parked on the street at night, but use the hotel car

park or one of the few car

parks near the city centre.

(The latter are expensive, but your car will be safe.) Street

parking in the centre of town

is almost entirely limited to

permit holders, so choose your

spot carefully, otherwise your

car could be clamped - and

possibly towed away. It will

take time and the payment of

The large hotels usually

Continued from previous page

Hotels in those days had din-

and many newly-opened hotels

coffee shops, followed the

David Levin was the first to

He opened the Capital Hotel

in Knightsbridge which, in the

French tradition, he called "a

restaurant with rooms" rather

than a hotel with a dining

room. Across Hyde Park, hotel

restaurants were given another

shot in the arm by the arrival

of Anton Mosimann at the Dor-

chester - where he was

actively promoted by the con-

In 1974, Michelin produced

its first red guide to the UK.

Awarding stars to hotel restau-

rants immediately identified

trolling McAlpine family.

the chefs.

Michel

din's

rather

For the first

time, diners

went to eat

simply to dine

Bour-

food

than

at the Connaught - just as

they went to discover what

Peter Kromberg was cooking at

the Inter-Continental, or Bern-

ard Gaume, at the Hyatt Carl-

Competition between the

hotels was established, and the

All the hotels needed was a

separate kitchen for their pres-

tigious new restaurants and

cash to buy the culinary stars.

As with top footballers, chefs

to leave the Four Seasons

hotel, having won a Michelin

star for his cooking, the hotel

was able to replace him with

Jean-Christophe Novelli, who

had won his own star in Hamp-

Forte did the same thing

twice, importing Nico Ladenis

(and his two Michelin stars)

into the Grosvenor House, and

Marco Pierre White (and his

As international business

hotels vie for column inches

around the world, and for local custom, a distinctive restau-

rant has become essential; as important - although possibly

for opposite reasons - as a

swimming pool or exercise

Michelin made it possible for all the hotels to compete, by making it clear - albeit as one

into the Hyde Park

When Bruno Loubet decided

fires further stoked, by annual

appearancesin Michelin.

challenge this.

Chefs' stars create a

ing rooms, not restaurants; able. Hotels have adopted vary-

A distinctive hotel

restaurant has become

essential

transfer market

a fine to get it back.

then opening up, and the pub-licly funded advisers - ironically called the Marriott brigades - who then streamed into the country. At the same time, a few hundred yards away, the Holiday Inn, finished in 1988 just a few

ing, was also built at that time

and still attracts a steady stream of bankers and busi-

Marriott came to the city five

years ago. This will be forever linked to the early days of

Poland's free market reforms,

when it catered to western

businessmen eager to take

advantage of opportunities

months before the Marriott, housed (as it still tends to do) the local businessman taking advantage of similar opportu-Later additions to the hotel scene lack lustre. The Sobieski, sited on the way in from the

airport, has a colourful exte-rior but suffers from a lack of air conditioning in the summer. And the Mercure, a French Accor group project, has yet to acquire a character.

Christopher Bobinski

These tend to be more expen-sive than a cab hailed in the street, but if you do not speak Czech they are your best bet. Taxi ranks in the city centre, such as the one on Old Town Square, should be avoided, as drivers sometimes refuse to switch on their meter and substantially overcharge. Local radio cab companies such as AAA are retiable. You may get a battered old Skoda for the ride, but the drivers tend to be more friendly and honest.

There is a good clean airport taxi service which will bring you to the centre of Prague in about 40 minutes, depending on traffic, for less than Kes500. The choice of duty-free goods at the airport is limited and you can pay only in hard currency, so if you plan to take goods home, they are best bought while in town.

Czech cuisine is not for the faint-hearted and tends to be heavy. There are some reasonable white wines, though the local beer is by far the best drink. There is a wide choice of restaurants offering a mixture of Czech and international food around the centre.

of its many unwritten rules

that when a chef won a Miche-

lin star, that star was transfer-

ing tactics to keep their

restaurants in the news. Inter

national Hotels' St James

Court boasts three different

cuisines - Chinese, Provençal

and international - under one

roof. It has just put on an Aus-

trian food festival, with one of

Over in Piccadilly, Le Meri-

has forced

inch of their

buildings pay.

Chefs such as

Ladenis, White

and Robuchon, who prospered

during most of the 1980s, have

been persuaded to sacrifice

their independence for the

opportunity to continue cook-ing with such expensive ingre-

dients as foie gras, lobster and

For the chef, the association

with a top hotel has also often

brought with it a well-oiled

publicity department only too

keen to promote his name, his

cookery books, and even his

Over the past five years the

blg transformation in London

hotel restaurants has been

brought about via an associa

tion with a top chef. It has

been an expensive process and

one whose heavy investment -

in personnel, refurbishment

yet be showing a substantial

An alternative strategy, pio-

neered by Bill Kimpton in Cal-

ifornia, may hold the solution

for London's hotel restaurants in the future. His company,

Kimco Hotel & Restaurant

Management Company, now

ferent hotels where it pays the hotelier a rent and a percent-

This arrangement has so far

proved extremely successful for both the hotels and restau-

rants. It would come as some-

thing of a shock to Colonel

manages restaurants in 17 dif-

age of the takings.

range of conserves.

return.

dien boasts a Michelin-starred

that country's top chefs.

seasonal menus.

Patrick Blum

Michael Skapinker on property

More than just a place

A US company said recently that Russian property law was in such disarray that it had no idea who owned the hotel it was running in Moscow. Hotel companies in the US and western Europe usually know who owns their establishments; the difficulty is finding investors who wan! to own them.

Western Europe were severely disrupted by the fall in prop-erty prices in the late 1980s and early 1990s. Hoteliers and investors are now having to establish different strategies for financing hotel acquisitions and new buildings.

employed hotel experts and

invest in hotel assets?

The frenetic pace of hotel the supply of hotel rooms in the late 1980s began to outstrip demand. The economic downthe hotel industry a far less

the US illustrates the dilemma Marriott's strategy during the 1980s was to build hotels and then sell them to limited partnerships which used the start up losses as tax write-offs. A combination of changes in US tax laws and falling property prices put an end to this strategy in the late 1980s. Marriott responded by selling off some of its operations, such as

Then, at the end of 1992, Marriott announced it was splitting itself into two companies. One, Host Marriott, would specialise in owning property ssets; the other, Marriott International, would run hotels. After a year of dealing with the protests of bondholder groups, the split was formal-

Mr Stephen Bollenbach, Host Marriott's president and chief executive officer, says the split has had a positive effect: analysts and institutions who follow his company are now specialists in property rather than leisure and understand the prospects for his business better. Host Marriott's share price has risen sharply since the beginning of the year.

At the end of last year, Inter-Continental Hotels, owned by the Japanese Saison group, announced it was following

have formalised the formation of two companies - one man-aging hotels and the other owning properties.

Hotel groups in Europe faced slightly different problem. European hotels were smaller and there were fewer large chains. Many hotels were family owned. European hotel groups which wanted to expand and did not want to invest in new property assets said they hoped to acquire management contracts. Someone else would buy the hotels: they would run them.

Mr Slattery of Kleinwort Benson says the traditional structure of a management contract was that the managing company would receive a fee calculated as a percentage of turnover, say 3 per cent, and, typically, 10 per cent of gross operating profit.

The difficulty for those companies seeking management contracts is that investors in property assets are no longer prepared to bear the risk alone. Mr Hartley-Leonard says bluntly: "The pure manage-

ment contract has gone. People investing in hotels want to know that the operator committed to

them." Mr Peter George, group chief executive of the Ladbroke group of the UK, which owns Hilton International, says there are exceptions to this in the developing world. Where the local government believes the presence of a Hilton hotel, say, would increase the attraction of the country to investors might be prepared to take ownership of the property and ask the Ladbroke subsidiary to

manage it. In other parts of the world. however, companies investing in hotel assets are demanding that the operating company takes a partial equity stake or guarantees specific rates of return to the owner.

But who are these brave individuals who are prepared to invest in hotel assets? In Asia, where there is still a need for new hotels. Mr Slattery says there are property groups and wealthy individuals interested in building or owning hotels.

There are also companies with an interest in buying European hotels. When the debt-laden Ciga group, an Italian-based luxury chain, went on sale recently, there were at least three serious bidders: Host Marriott, Forte of the UK and ITT Sheraton of the US. the eventual winner.

The Forte bid was particularly interesting. Forte originally offered to take over the management of Ciga for £33m in cash. Forte also agreed to insert some of its own luxury hotels, with a value of about £125m into a Ciga operating

When it became clear that other bidders were offering more cash, Forte teamed up with the Quantum Fund, owned by Mr George Soros, the US investor. Together they offered £270m. Although the bid was topped by ITT Shera-ton. Mr Slattery believes the Forte/Soros combination is an example of the new sorts of financing arrangements that hotel companies will now be

to sleep

The established patterns of

hotel ownership in the US and Mr Paul Slattery, a London-

based leisure analyst with Kleinwort Benson, says the relationship between US hoteliers and property investors used to be stable. American financial institutions regarded hotels as a worthwhile investment. They would buy the bricks and mortar and give a hotel group a contract to run the establishment.

The US financial institutions

Who are these brave analysts, some individuals prepared to whom became well-known fig-

travel industry. Other, smaller investors also became involved in hotel property ownership. which provided them with tax advantages in the US.

building, however, meant that turn, the drop in hotel occupancy and the fall in property attractive proposition.

Mr Darryl Hartley-Leonard, president of the Hyatt Hotels Corporation of the US, says: "Business in the 1980s was based on the beliefs that inflation would increase and demand would grow with supply. Both were violated."

chef in David Chambers, but the hotel flies in Michel The Marriott Corporation of Lorain, a three star Michelin chef in Joigny, France, as consultant and inspiration for its What has united international hotels and top chefs most closely, however, been the recession and the Gulf War. The consequent fall in conspicuous consumption

hoteliers to try airline catering, fast foods and restaurants.

sed in October last year.

Inter-Continental should also

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